REDACTED - FOR PUBLIC INSPECTION

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Applications of Cricket License Company, LLC,	)	
et al., Leap Wireless International, Inc., and	)	
AT&T Inc. for Consent To Transfer Control of	)	WT Docket No. 13-193
Authorizations	)	
	)	
Application of Cricket License Company, LLC	)	
And Leap Licenseco Inc. for Consent to	)	
Assignment of Authorization	)	

INITIAL RESPONSE OF AT&T INC. TO
INFORMATION AND DISCOVERY REQUEST DATED NOVEMBER 8, 2013

November 22, 2013

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Introduction

AT&T Inc. ("AT&T") provides this response (the "Response") to the letter dated November 8, 2013, from Jim Schlichting, Acting Chief of the Wireless Telecommunications Bureau of the Federal Communications Commission (the "FCC" or the "Commission"), and the Information and Discovery Request for AT&T attached thereto (collectively, the "Request"). In 27 requests (individually referred to herein as "Request No. [#]"), the FCC asks AT&T (sometimes referred to in the Request as the "Company" as defined therein) to provide by November 22, 2013, documents, data, charts, maps, and other information to complete the FCC's review of the applications of AT&T and Leap Wireless International, Inc. and its subsidiaries ("Leap") for consent to transfer control of certain licenses and authorizations.

Consistent with AT&T's discussions with the Commission staff, AT&T's responses are based on a review of available documents that are likely to contain responsive information and inquiry of those individuals and available sources that are likely to have relevant information. With respect to certain Requests, AT&T has produced materials gathered through key word searches of custodial files, as detailed in the tables appended as Exhibit A. With respect to other Requests, AT&T has searched the files within the Company reasonably believed to contain the information sought. In certain cases, AT&T does not maintain some of the information requested in the ordinary course of business, or AT&T does not maintain the information in the precise manner requested. When information was not available for the period of time requested

or in the form requested, AT&T has provided the information to the extent possible.

Where the Request seeks charts, spreadsheets, or similar graphic or tabular information, or specific documents, responsive information is provided in exhibits to the Response, numbered with reference to the specific request (*e.g.*, Exhibit 1.1 responds to Request No. 1). An Index of Exhibits is appended as Exhibit B. Where the Request seeks documents, responsive documents are produced.

The Request calls for AT&T to submit certain information and documents that are sensitive from a commercial, competitive, or financial perspective, and that AT&T would not reveal in the ordinary course of business to the public or its competitors. AT&T is submitting information and documents on a Confidential and Highly Confidential basis pursuant to the Protective Order and Second Protective Order for this proceeding that were issued on August 7, 2013 (and, in the case of the Second Protective Order, revised on November 19, 2013). The inadvertent inclusion of any material that is subject to an assertion of the attorney-client, attorney work-product, or other applicable privilege is not intended as a waiver of such privilege.

In the public version of the Response, AT&T has redacted Confidential Information and marked the redactions with "[**BEGIN [AT&T or LEAP] CONFIDENTIAL INFORMATION**] . . . [**END [AT&T or LEAP] CONFIDENTIAL INFORMATION**]"). AT&T also has redacted Highly Confidential Information and marked the redactions with "[**BEGIN [AT&T OR LEAP] HIGHLY CONFIDENTIAL INFORMATION**] . . . [**END [AT&T OR LEAP] HIGHLY CONFIDENTIAL INFORMATION**]". The redacted Response is marked "**REDACTED – FOR PUBLIC INSPECTION**" and is being filed electronically in the Commission's Electronic Comment Filing System ("ECFS"). The Highly

Confidential, unredacted Response is marked, "**HIGHLY CONFIDENTIAL INFORMATION – SUBJECT TO SECOND PROTECTIVE ORDER IN WT DOCKET NO. 13-193 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION – ADDITIONAL COPYING RESTRICTED**" and "**CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN WT DOCKET NO. 13-193 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION**." A copy of the unredacted Response is being delivered to the Secretary, and additional copies are being delivered as instructed in the Request.

In accordance with the Request, the Protective Order, and the Second Protective Order, unredacted copies of Highly Confidential documents are marked "**HIGHLY CONFIDENTIAL INFORMATION – SUBJECT TO SECOND PROTECTIVE ORDER IN WT DOCKET NO. 13-193 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION – ADDITIONAL COPYING RESTRICTED**"; and unredacted copies of Confidential documents are marked "**CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER IN WT DOCKET NO. 13-193 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION**." Pursuant to the Request, copies of the Confidential, Highly Confidential, and Non-Confidential documents are being delivered to the Secretary and to Brigid Calamis of the Wireless Telecommunications Bureau.

Pursuant to discussions with the Commission staff, AT&T is submitting its Response consistent with the following qualifications:

- Custodian files were searched for documents from August 23, 2011 through August 23, 2013, except for one custodian, whose files were searched for documents from July 2013 through November 8, 2013.

- In the Request, AT&T interprets the term "relevant area" to mean each Cellular

Market Area in which Leap holds a spectrum license, unless otherwise noted.

- AT&T has not verified that it has produced "all other documents referred to in the document or attachments," pursuant to Instruction 4.

- AT&T is not grouping documents produced from custodian searches by the request number and, within each request-number grouping, by custodian, as requested in Instruction 9. However, the documents and associated metadata submitted as part of AT&T's Summation load files should allow the Commission to sort the produced documents in this fashion.

- Consistent with the Instructions for Submission of Electronic Documents, AT&T has captured and produced relevant metadata for documents collected from AT&T document custodians; however, only certain basic fields of metadata are being produced for documents collected from AT&T's consultants Compass Lexecon pursuant to Request No. 27. Additional metadata on folder and file names is provided for documents produced pursuant to Request Nos. 4 and 20.

RESPONSES

1. REQUEST:

Provide a current organization chart and personnel directory as a whole and for each of the Company's facilities or divisions involved in any activity relating to any relevant product or any relevant service.

RESPONSE:

AT&T does not, in the ordinary course of business, maintain company-wide organizational charts. However, Exhibit 1.1 provides an organizational chart as of August 23, 2013 responsive to this Request for the document custodians whose files were searched for the document requests.

2. REQUEST:

Provide, as of the date of this request, a csv format list, by county in each relevant area, of each spectrum license that can be used in the provision of mobile wireless services that the Company holds, leases, has an interest in through a joint venture or other business arrangement, manages, plans to sell, has contracted to acquire, or is in negotiations to acquire. For each license, identify the: (a) FIPS Code; (b) county; (c) state; (d) market name; (e) market number (in the case of CMA, MTA, or BTA); (f) spectrum type; (g) spectrum block; (h) amount of spectrum; (i) the wireless technology format deployed or planned (*e.g.*, GSM, EDGE, CDMA, EV-DO, EV-DO Rev. A, UMTS, HSPA, HSPA+, LTE); and (j) whether the Company: (i) holds; (ii) has an interest in through a joint venture or other business arrangement; (iii) leases to or from another person; (iv) manages; (v) plans to sell; (vi) has contracted to acquire; or (vii) is in negotiations to acquire.

RESPONSE:

Exhibit 2.i lists each spectrum license that AT&T holds (or has an interest in other than through a joint venture or other business arrangement) that can be used in the provision of mobile wireless services. In addition, Exhibit 2.i. lists each spectrum license that AT&T leases to others that can be used in the provision of mobile wireless services. WCS C and D Block

licenses are not listed because they are not included in the Commission's spectrum screen.

Exhibit 2.ii lists each spectrum license in which AT&T has an interest through a joint venture or other business arrangement that can be used in the provision of mobile wireless services. As of the date of the Request, AT&T has a joint operating agreement with the Local Exchange Carriers ("LECs") listed in Exhibit 2.ii. Under those agreements, the LEC is an authorized retailer of AT&T's wireless services and sells AT&T's services under the AT&T brand. The LECs own the licenses listed in Exhibit 2.ii and provide service in their license areas through their own facilities.

Exhibit 2.iii lists each spectrum license that AT&T leases from others that can be used in the provision of mobile wireless services. This exhibit (along with Exhibit 2.i) is derived from a file that AT&T keeps in the ordinary course of business to track its spectrum and license holdings.

AT&T does not manage any spectrum license that can be used in the provision of mobile wireless services that is not otherwise listed in Exhibit 2.i.

Exhibit 2.v lists each spectrum license that AT&T plans to sell that can be used in the provision of mobile wireless services.

Exhibit 2.vi lists each spectrum license that AT&T has contracted to acquire that can be used in the provision of mobile wireless services.

Exhibit 2.vii lists each spectrum license that AT&T is in negotiations to acquire that can be used in the provision of mobile wireless services. AT&T is engaged from time to time in discussions with other holders of spectrum licenses that may result in AT&T acquiring control of such spectrum licenses. In this response AT&T has identified such spectrum for which

discussions have advanced so that it appears reasonably likely that AT&T will enter into a purchase agreement to acquire the spectrum. **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] At this time, AT&T cannot identify with specificity any other spectrum licenses that AT&T is likely to acquire or provide the other requested information for any such spectrum licenses.

Exhibits 2.1-2.6 provide wireless technology format data for built out licenses. **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL

INFORMATION] WCS spectrum is not currently deployed, and AT&T plans to use such licenses to deploy LTE. AT&T also anticipates using the 700 MHz and AWS-1 spectrum that it has not yet built out to deploy LTE.

AT&T is providing these data as of the date of the Request, November 8, 2013, for each spectrum license in Leap's spectrum footprint.

3. REQUEST:

> **Provide, as of the date of this Request, polygons in an ESRI shapefile format representing geographic coverage in each relevant area for each mobile broadband network technology (*e.g.*, GSM, EDGE, CDMA, EV-DO, EV-DO Rev. A, UMTS, HSPA, HSPA+, LTE) deployed in each frequency band (*e.g.*, 700 MHz, Cellular, AWS-1, PCS, BRS/EBS). Provide all assumptions, methodology (*e.g.*, propagation, projection, field measurements), calculations (including link budgets), tools (*e.g.*, predictive and field measurements) and data (*e.g.*, terrain, morphology, buildings) used in the production of the polygons, and identify the propagation tool used, the propagation model used within that tool, including but not limited to, the coefficients used in the model and any additions, corrections or modifications made to the model.**

RESPONSE:

In Exhibits 3.1-3.2, consistent with discussions with Commission staff, AT&T is providing ESRI shapefiles depicting AT&T's nationwide geographic coverage for the mobile broadband network technologies that it deploys (GSM, UMTS, HSPA+, and LTE). Geographic coverage by frequency band is provided in Exhibit 3.2 for those technologies for which the Company can depict such coverage from data as it is kept in the ordinary course (GSM and UMTS only). Exhibits 3.1-3.2 depict AT&T's coverage as of November 1, 2013, the most recent date for which data for all the technologies are available. The files provided in Exhibits 3.1-3.2 use projections based on the WGS84 geodetic datum.

AT&T uses Forsk's Atoll propagation tool to generate signal level files which are collected and compiled to create coverage maps. Inputs to the propagation tool include cell site location, antenna height, antenna down tilt, antenna azimuth (direction in which the antenna points), antenna pattern (shape of antenna signal), signal power, topography/terrain, and clutter, *i.e.*, physical land use and vegetation obstructions to the propagation of radio waves other than topography.

AT&T customizes the Atoll propagation tool primarily through the use of area-specific propagation models which leverage up-to-date geographic terrain and clutter information **[BEGIN AT&T CONFIDENTIAL INFORMATION]**

[END AT&T CONFIDENTIAL INFORMATION] The models are spectrum-specific. For instance, 700 MHz/AWS-1-specific models are applied within Atoll to generate LTE-specific coverage files because AT&T currently uses that spectrum for its LTE network.

AT&T contracts with a third-party vendor, **[BEGIN AT&T CONFIDENTIAL INFORMATION]** **[END AT&T CONFIDENTIAL INFORMATION]** to tune and deliver pre-calibrated propagation models to AT&T. The calibrated propagation models are based on the **[BEGIN AT&T CONFIDENTIAL INFORMATION]**

[END AT&T CONFIDENTIAL INFORMATION]

The selection of suitable sites at which continuous wave ("CW") data will be collected for model calibration is extremely important. The process for path loss data collection is summarized below:

- Define Area of Interest. The area of interest is used in conjunction with the geodata and the distribution of network transmitter heights to determine the number of models required.
- Number of Morphologies. The number of morphologies will depend on various factors, including:

  Clutter Variability

  - Limitations of the clutter classification system
    - Clutter class "Forest," for example, represents all tree cover types.
    - "Residential" clutter class is a mixture of trees, open space, and residential use.
    - No clutter class may be specified for certain clutter classes such as universities.
  - Variation in physical characteristics of clutter classes
    - Forest in one area may be 10 meters and 20 meters in another.

  - Classification errors
    - One clutter class misclassified as another, for example a suburban area misclassified as open.
  - Vintage of source layers
  - Accuracy of layers
    - Location offsets, clutter seams, leaf on/off
  - Spatial resolution limitations
    - It is not possible to represent features smaller than layer resolution.

- Terrain variability
    - Flat
    - Hilly
    - Mountain

- Special conditions
    - Bowl effect
    - Boomers
    - Below clutter
    - Completely below clutter (DAS)

- Select representative transmission locations and radiation centerlines for the morphologies selected. Selected sites should be typical of the morphology, including both clutter and terrain characteristics, and the test heights chosen should be representative of the network sites being modeled. It is important to choose a representative set of sites otherwise the dataset and resulting model will be biased.

Once the sites have been selected, the CW data are collected using a methodical process to arrive at an accurate calibration of the propagation models.

Radio Frequency Model calibration is performed for each design center, morphology, and frequency band. For example, the propagation model for 700 MHz spectrum in an urban part of the Phoenix, Arizona design center would be calibrated differently than the model used for 850 MHz spectrum in the exact same area. There would be a separate morphology and model used for 700 MHz spectrum in parts of Phoenix that are primarily desert. AT&T currently models

five different spectrum bands and maps approximately 41 different design centers across the United States, each with an estimated maximum of 10 morphologies. Thus, the calibration process results in roughly 2,000 differently calibrated models utilized throughout the United States, each having a different set of coefficients.

To apply the propagation models **[BEGIN AT&T CONFIDENTIAL INFORMATION] [END AT&T CONFIDENTIAL INFORMATION]** accurately, AT&T ensures that the models are properly assigned for all of the transmitters, and that they are not altered in any way **[BEGIN AT&T CONFIDENTIAL INFORMATION] [END AT&T CONFIDENTIAL INFORMATION]**

Propagation coverage files generated by AT&T are consolidated in AT&T's Centralized Coverage Area Translation System ("C-CATS"), which merges and translates the files into a nationwide, contour format. **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION]**

4. REQUEST:

> **Provide all merger simulations, econometric modeling, or similar analyses, including those regarding market concentration or pricing, that have been undertaken by the Company or any consultant or expert hired by the Company to analyze the effect of the Proposed Transaction, including all documents and data used in these analyses.**

RESPONSE:

Documents and data files responsive to this Request are included in AT&T's production. Some of these documents and data files reflect the results of a Gross Upward Pricing Pressure

Index ("GUPPI") analysis performed by economic consultants Compass Lexecon.

The GUPPI is an economic tool designed to analyze the unilateral incentives to raise price that may arise from a merger of two firms competing in a differentiated products industry, before considering the synergies and efficiencies arising from the transaction.[1] A merger may put upward pressure on prices if it changes the profitability of a unilateral price-raising strategy for either or both merging firms. This can occur if the products of the two firms are close substitutes, so that after the merger, an increase in one merging firm's price causes a sufficient number of consumers to shift to the other merging firm's product.

Because the incentive to raise price increases with the value of sales diverted to the merging partner, the value of diverted sales (the diversion ratio times the margin on diverted sales) can serve as an indicator of the upward pricing pressure created by the merger. The closer the two products are as substitutes, the higher is the diversion ratio and the greater the incentive to raise price post-merger, all other factors being equal.

Importantly, the GUPPI approach aims to assess upward pricing pressure without taking into account marginal cost savings, quality improvements, or other cognizable efficiencies from the merger, which all put downward pressure on post-merger quality-adjusted prices. Thus, a GUPPI analysis is inherently conservative and could suggest the possibility of higher post-merger prices and yet the merger in question could be judged to have no likely anticompetitive impact when the merger would result in cost efficiencies, quality improvements, or other benefits that also must be taken into consideration. Moreover, the GUPPI does not take full account of

[1] GUPPIs are described in the *Horizontal Merger Guidelines*, although the term "GUPPI" is not used. *See* U.S. Dep't of Justice and Fed. Trade Comm'n, Horizontal Merger Guidelines § 6.1 (2010).

all the dynamics of the market, including responses by other firms, and thus its primary value is to identify those mergers, such as the present transaction, where the GUPPI estimates demonstrate that the unilateral incentive to raise price is small.

Even given this conservative method of modeling, the estimated GUPPIs for this transaction demonstrate that the merger is unlikely to lead to significant post-transaction price increases by the combined firm. In particular, the average of the AT&T and Leap GUPPIs is below 1 percent across all CMAs and below 2.5 percent across the CMAs where Leap has at least a 2 percent estimated subscriber share. Even before incorporating the effects of the transaction-related efficiencies and quality improvements, the GUPPI estimates are too small to indicate upward pricing pressure of any significance.

5. REQUEST:

Provide full and complete copies of the merger agreement and any side or letter agreements or other related agreements (and all amendments and attachments) that AT&T and Leap have entered into that relate to the Proposed Transaction.

RESPONSE:

AT&T is providing a copy of the Agreement and Plan of Merger between Leap Wireless International, Inc. and AT&T Inc. dated July 12, 2013 (the "Merger Agreement") as Exhibit 5.1.

6. REQUEST:

Provide all presentations to management committees, executive committees, boards of directors, investors, investor analysts, and industry analysts concerning the Proposed Transaction, including but not limited to the effect of the Proposed Transaction on AT&T's spectrum needs and business plans.

RESPONSE:

Documents responsive to this Request are included in AT&T's production.

7. REQUEST:

Provide all documents discussing the valuation of Leap's assets and AT&T's decision to acquire Leap, including but not limited to, documents discussing the LTE Roaming Agreement and the License Purchase Agreement for the Specified Assets (the so-called "Sunrise" market spectrum) discussed in Section 8.5(c) of the Agreement and Plan of Merger between Leap Wireless International Inc., AT&T Inc., Laser, Inc., and Mariner Acquisition Sub Inc., dated as of July 12, 2013.

RESPONSE:

Documents responsive to this Request are included in AT&T's production.

8. REQUEST:

The Applicants state, "As a condition to AT&T's obligation to consummate the merger, Leap is required to dispose of its ownership interests in PR Wireless, LLC and Flat Wireless, LLC, in which case such interests would not be acquired by AT&T." (Public Interest Statement, page 2, n. 7). Provide a detailed description explaining this condition and provide all documents discussing this condition. Provide all documents discussing this condition and any correspondence with these entities concerning this condition, and provide all documents and agreements relating to Leap's interests in these entities and any other person.

RESPONSE:

PR Wireless, LLC ("PR Wireless") is a provider of prepaid mobile wireless communications, operating primarily in Puerto Rico. Leap currently holds a 20.7 percent interest in PR Wireless.

Flat Wireless, LLC ("Flat Wireless") is a provider of mobile wireless telecommunications, operating primarily in Arizona, New Mexico, and Texas. Leap currently holds a **[BEGIN LEAP HIGHLY CONFIDENTIAL INFORMATION] [END LEAP HIGHLY CONFIDENTIAL INFORMATION]** percent interest in Flat Wireless.

Pursuant to the terms and conditions of the Merger Agreement, AT&T will acquire one hundred percent of the outstanding voting securities of Leap. Prior to the consummation of that

transaction, Leap will divest its interests in PR Wireless and Flat Wireless. As a result, AT&T will not acquire, directly or indirectly, any interest in either of those entities.

Pursuant to Section 6.15 of the Merger Agreement, Leap will use its reasonable best efforts to dispose of its and its subsidiaries' interests in PR Wireless and Flat Wireless on commercially reasonable terms promptly following the execution of the Merger Agreement. Leap's interests in PR Wireless and Flat Wireless are not Potential Sale Interests pursuant to Section 6.15 of the Merger Agreement; Leap is required to consummate the sale of its ownership interests in both entities as a condition to closing the proposed transaction with AT&T.[2]

9. REQUEST:

> **Explain in detail, and provide documents sufficient to support this explanation, the contingent value right ("CVR") relating to the Lower 700 MHz A Block license in Chicago ("Chicago License"). Include in your explanation (a) the reasons for the CVR, (b) its intended purpose, (c) the anticipated process to sell the Chicago License and AT&T's involvement therein, (d) the specific responsibilities of the stockholders' representative and how the stockholders' representative will exercise *de facto* control over the license, (e) the effect on AT&T of holding the Chicago License in this subsidiary on AT&T's rights and obligations, and (f) AT&T's rights to sell the Chicago License and the proceeds of any such sale in the event the shareholders' representative fails to sell the Chicago License under the terms of the CVR. Provide all agreements and documents relating to the creation and operation of the CVR.**

RESPONSE:

As explained in Leap's proxy statement, during the merger negotiations, AT&T indicated that it did not want to acquire the Chicago License — instead, AT&T wanted Leap to sell the Chicago License in advance of closing, with the sale proceeds to remain in the combined

[2] *See* Agreement and Plan of Merger among Leap Wireless International, Inc., AT&T Inc., Laser, Inc. and Mariner Acquisitions Sub Inc. § 7.2(f) (Jul. 12, 2013) ("Merger Agreement"), attached as Exhibit 5.1.

company after closing.[3] Leap objected to selling the Chicago License prior to closing on the grounds that the Chicago License's value was currently depressed and that a near-term disposition would not maximize the potential value of the asset.[4]

After negotiations, AT&T and Leap ultimately agreed that (1) Leap could defer the sale of the Chicago License until the Chicago License's value could be increased through spectrum clearing efforts (up to a maximum time frame) and (2) the net consideration received from the sale of the Chicago License would be distributed to the Leap stockholders, which would provide another benefit to the Leap stockholders in addition to the per-share cash consideration to be paid by AT&T.[5] The parties settled on the CVR as the mechanism for providing for the distribution

[3] Leap Wireless International, Inc., Proxy Statement (Schedule 14A) at 31 (Sept. 17, 2013) ("Leap Proxy Statement") ("On June 19, 2013, . . members of AT&T's senior management . . . indicated . . . that Leap's 700 MHz License would not be included in the transaction and would have to be sold prior to closing (with AT&T keeping the proceeds from such sale).").

[4] *Id.* at 35 ("The Leap board believes the value of the 700 MHz License is currently impaired due to interference and interoperability issues and therefore a disposition of the license in the near-term would not have achieved optimal value for Leap stockholders.").

[5] *Id.* at 31 ("On June 25, 2013, . . . members of Leap senior management . . . met with members of AT&T senior management . . . and . . . discussed various possibilities for excluding Leap's 700 MHz License from the transaction, including the possibility of spinning off the 700 MHz License to Leap shareholders concurrently with the closing of the acquisition by Leap so as to provide additional consideration to Leap stockholders."); *id.* at 32 ("From July 1, 2013 through July 3, 2013, . . . members of Leap senior management . . . met with several members of AT&T's senior management . . . and . . . discussed providing Leap stockholders with a contingent value right in addition to the cash consideration per share that would entitle each stockholder to a pro rata share of the net proceeds resulting from any future sale of the 700 MHz License. Members of Leap senior management indicated that a contingent value right may be acceptable if former Leap stockholders and/or management were able to control the maintenance and sale of the 700 MHz License for a period of time after the closing of the merger.").

of the net proceeds: at closing, each Leap stockholder will receive one CVR per share of Leap stock in addition to $15.00 per share consideration from AT&T.[6]

Prior to the merger closing, the indirect Leap subsidiary that holds the Chicago License, Cricket License Company LLC, will contribute it to another indirect Leap subsidiary, Leap Licenseco, Inc. ("Licenseco").[7] Upon the closing of the merger, AT&T will acquire indirect ownership of Licenseco through its acquisition of Leap. Laser, Inc. ("Laser"), the Stockholders' Representative under the CVR Agreement, is also currently an indirect subsidiary of Cricket. Ownership of Laser is expected to be transferred to John D. Harkey, Jr., S. Douglas Hutcheson and Mark H. Rachesky, M.D., each existing directors of Leap, concurrently with the merger closing.[8] As a result, Laser will not be owned or controlled by AT&T.

After the effective date of the merger, Laser will have *de facto* control over the Chicago License and, specifically, will have the power to cause Licenseco to take actions to maintain the Chicago License and to work to resolve interference issues with adjacent services related to the deployment of wireless mobile operations utilizing the frequencies authorized by the Chicago License.[9] Laser also will control the sale process of the Chicago License, subject to limited restrictions described in the CVR Agreement.

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[6] Merger Agreement § 4.1(a) ("Each share of common stock, par value $0.0001 per share, of the Company . . . shall be converted into the right to receive (y) $15.00 per Share . . . and (z) one non-transferable contingent value right.").

[7] *Id.* § 6.16(a) ("[T]he Company shall contribute to Licenseco the license granted by the FCC having the call sign WQJQ707.").

[8] Leap Proxy Statement at 1.

[9] Form of Contingent Value Rights Agreement, § 2.1(a) ("CVR Agreement") ("The Stockholders' Representative shall have responsibility for maintaining the License and shall have

Laser will have two years from the effective time of the merger to enter into a definitive agreement for the sale of the Chicago License, and one year thereafter to complete the transaction. During this period, Laser will have the sole responsibility to conduct a sale of the Chicago License.[10] The manner and timing of the sale process will be at the sole discretion of Laser,[11] but Laser must consult with AT&T regarding the sale process and keep AT&T reasonably informed about the sale process.[12] Consideration for the Chicago License must consist solely of cash,[13] and the sale agreement must be on commercially reasonable terms, place no ongoing obligations on AT&T, and be non-recourse to the surviving corporation in the merger and to AT&T.[14] The two-year period was determined to balance the parties' desire that

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the power to cause Licenseco to take such actions as shall be advisable to maintain such License and to eliminate interference to the License from other frequencies in a reasonable manner.").

[10] *Id.* § 3.1(a) ("The Stockholders' Representative shall be solely responsible for conducting any sale process with respect to the License or Licenseco.").

[11] *Id.* § 3.1(a) ("[T]he manner of the sale process conducted and the timing of the sale process shall be at the sole discretion of the Stockholders' Representative"); *id.* ("The Stockholders' Representative shall have sole discretion as to whether and as to when to enter into a Sale Agreement.").

[12] *Id.* § 3.1(b) ("The Stockholders' Representative shall consult with Parent or its Affiliates in any sale process with respect to the License and Licenseco, and the Stockholders' Representative shall keep Parent and the Company reasonably informed and provide Parent with all draft Sale Arrangements with a reasonable time to review such Sale Arrangements. The Company's comments to any Sale Arrangement shall be accepted to the extent they are for the purpose of eliminating post-closing Liabilities (other than for fraud by Parent or its Subsidiaries (other than the Licenseco Entities)) and all of the Company's reasonable comments shall be considered in good faith.").

[13] *Id.* § 3.1(b) ("The consideration for the Sale Agreement shall consist solely of cash.").

[14] *Id.* § 3.1(a) ("[N]o Sale Agreement shall be entered into without Parent's prior written consent (which shall not be unreasonably withheld or delayed) unless the Sale Agreement (i) places no obligations on Parent and its Affiliates other than to transfer or cause the transfer of the License or Licenseco to the purchaser and (ii) is without post-closing recourse to Parent and its Affiliates

Licenseco not hold the spectrum indefinitely and Leap's desire not to be forced to sell the spectrum while its value is temporarily depressed.

Various rights and obligations of AT&T are set out in the CVR Agreement. At Laser's written request, AT&T is required to make such filings and cause Licenseco to enter into such agreements as shall be necessary or advisable to maintain the Chicago License and eliminate interference.[15] AT&T is restricted from performing any services for Licenseco related to its telecommunications activities.[16] AT&T has a right to review any draft agreement to sell the Chicago License, and Laser is required to accept any AT&T comments to the extent they are for the purpose of eliminating post-closing liabilities for AT&T, and all of AT&T's comments shall be considered in good faith.[17]

If entry into a Sale Agreement for the Chicago License shall not have occurred prior to the Contingent Value End Date (defined below), then AT&T shall be permitted to take such

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other than for fraud by Parent or its Subsidiaries (other than the Licenseco Entities) or as provided by law.").

[15] *Id.* § 2.1(a) ("The Company shall provide reasonable assistance to Licenseco at the Stockholders' Representative's written request in connection with making such filings as shall be necessary to maintain the License and to eliminate interference to the License from other frequencies in a reasonable manner and shall cause Licenseco to enter into any agreements necessary or advisable in connection therewith.").

[16] *Id.* § 2.1(b) ("Parent and its Affiliates shall not perform any services for the Licenseco Entities relating to its telecommunications activities, except as provided in this Agreement or as the Stockholders' Representative shall reasonably request with respect to maintaining the License or removing interference to the License from other frequencies in a reasonable manner, with such services to be provided at a fair market rate.").

[17] *Id.* § 3.1(b) ("[T]he Stockholders' Representative shall . . . provide Parent with all draft Sale Arrangements with a reasonable time to review such Sale Arrangements. The Company's comments to any Sale Arrangement shall be accepted to the extent they are for the purpose of eliminating post-closing Liabilities (other than for fraud by Parent or its Subsidiaries (other than the Licenseco Entities) and all of the Company's reasonable comments shall be considered in good faith.").

actions to dispose of the Chicago License or Licenseco as AT&T shall determine in its sole discretion. Any proceeds shall be distributed to the holders of the CVRs (the former Leap stockholders) and not retained by AT&T.[18]

The Contingent Value End Date will be the two-year anniversary of the date on which the AT&T/Leap merger closes, unless there is a sale agreement for the Chicago License executed prior to the two-year anniversary but not yet closed by the two-year anniversary. In that case, the Contingent Value End Date will be the earlier of (A) the date on which the sale agreement terminates or 30 days after the date of the closing under the sale agreement and (B) the three-year anniversary of the date on which the AT&T/Leap merger closes.[19]

The Leap Proxy Statement, the Merger Agreement, and the Form of the CVR Agreement are available at http://www.sec.gov/Archives/edgar/data/1065049/ 000119312513368430/d575780ddefm14a.htm#toc575780_40. Leap will provide in response to the Commission's Information and Discovery Request for Leap[20] any other agreements and

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[18] CVR Agreement § 3.2(a) ("If entry into a Sale Agreement shall not have occurred prior to the Contingent Value End Date, the Company shall be permitted to take such actions to dispose of the License or Licenseco as it shall determine in its sole discretion and any proceeds from such sale shall be paid to the Company or one or more of its Affiliates and shall, notwithstanding anything in this Agreement to the contrary, become Distributable Proceeds and shall be distributed to the Contingent Value Rights Holders as provided herein as if the Contingent Value End Date had not occurred.").

[19] *Id.* § 1.1(b) ("'Contingent Value End Date' shall mean the later of (x) the two-year anniversary of the Effective Time and (y) if the Sale Agreement is executed prior to the two-year anniversary of the Effective Time but has not closed, the earlier of (A) the date on which the Sale Agreement terminates or 30 days after the date of the closing under the Sale Agreement and (B) the three-year anniversary of the Effective Time, as extended pursuant to Section 4.4(a) if the Sale Date has occurred prior to such time.").

[20] *Applications of Cricket License Company, LLC, et al., Leap Wireless International, Inc., and AT&T Inc. for Consent to Transfer Control of Authorizations*, WT Dkt No. 13-193, Information

documents relating to the creation and operation of the CVR, as well as the Certificate of Incorporation, By Laws and Stockholders' Agreement and any related documents for Laser.

10. REQUEST:

> **Provide all plans, analyses, and reports discussing the Company's or any other person's pre-transaction and post-transaction plans relating to any relevant service, or relevant product, including, but not limited to, business plans; short-term and long-range strategies and objectives; budgets and financial projections; presentations to management committees, executive committees, and boards of directors; expansion plans; research and development efforts; plans to reduce costs, to improve services or products, to improve service quality, to improve capacity to transmit mobile wireless services, or to introduce new services or products, including but not limited to, the deployment of LTE (utilizing AWS-1 spectrum and/or PCS spectrum), any plans to offer, after the closing of the Proposed Transaction, to postpaid and prepaid customers AT&T's LTE and HSPA+ data services with different terms (*e.g.*, speed of service, data throttling), and whether, as a result of the Proposed Transaction, prepaid customers would be offered LTE service at the same data rates as AT&T postpaid subscribers. For regularly prepared budgets and financial projections, AT&T need only submit one copy of final year-end documents for 2011 and 2012 and cumulative year-to-date documents for 2013.**

RESPONSE:

To respond to this Request, AT&T conducted key word searches of custodian files as detailed in the tables appended as Exhibit A. Documents responsive to this Request are included in AT&T's production. In addition, Exhibit 10.1 contains budgets and financial projections for 2011, 2012, and year-to-date 2013.

11. REQUEST:

> **The Applicants contend that Leap is currently using "about 42 percent of its spectrum in the markets in which it offers facilities-based service." (Public Interest Statement, page 14). The Applicants assert that in the areas where AT&T currently anticipates it will already be utilizing AWS-1 spectrum for LTE service at the time**

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and Discovery Request for Leap, at Request No. 9 (Nov. 8, 2013) ("Leap's Request for Information").

of closing, AT&T "preliminarily has determined that it will be able to deploy Leap's unused, contiguous AWS spectrum in as little as 60 to 90 days." AT&T also estimates that "it will be able to deploy the unused, contiguous Leap spectrum in many additional areas within 12 months after the close of this transaction." (Public Interest Statement, page 15). Further, AT&T asserts that "the AWS and PCS spectrum to be transferred here can be readily integrated into AT&T's LTE network." (Public Interest Statement, page 15).

a. Describe the methodology used to determine that Leap is currently using 42 percent of its spectrum, and provide documents sufficient to show the application of that methodology.

RESPONSE:

Leap will provide separately in its response to Leap's Request for Information[21] a description of the methodology used to calculate the percentage of spectrum it is using, and documents sufficient to show the application of the methodology.

b. Provide a complete list of CMAs in which AT&T expects to deploy Leap's contiguous AWS-1 spectrum for LTE service in as little as 60-90 days after closing. Provide a detailed explanation of the steps that AT&T would take to deploy this spectrum in the stated timeframe. Further, provide all plans, analyses, and reports relating to this deployment.

RESPONSE:

On August 20, 2013, AT&T submitted to the Commission a list preliminarily identifying those CMAs where AT&T estimated it would be able to deploy Leap's unused, contiguous AWS-1 spectrum in as little as 60 to 90 days after closing for LTE service.[22] That list of CMAs is attached as Exhibit 11.b.1. AT&T's integration planning is still necessarily preliminary at this

[21] Leap's Request for Information at Request No. 11.

[22] Letter to Marlene H. Dortch, Esq., Secretary, Federal Communications Commission, *Re Applications of Cricket License Company LLC, et al., Leap Wireless International, Inc. and AT&T Inc. for Consent to Transfer Control of Authorizations*, WT Docket No. 13-193, Exhibit 4 (filed Aug. 20, 2013, corrected Aug. 26, 2013) ("August 20, 2013 Letter").

stage of the transaction, and the list is subject to change as further integration planning is performed.[23]

In the CMAs set forth in Exhibit 11.b.1, AT&T anticipates it will already be utilizing AWS-1 spectrum for LTE service at the time of closing.[24] Thus, AT&T will already have LTE handsets and radio heads in place that support service in the frequencies covered by the Leap AWS-1 spectrum. Because the radio heads will be compatible with Leap's unused AWS-1 spectrum, deploying the spectrum will only require adjustments to existing equipment, including frequency and bandwidth tuning, software configuration updates, and optimization adjustments to the antenna, which will be validated for commercial service by drive testing.

In addition, to respond to this Request, AT&T conducted key word searches of custodian files as detailed in the tables appended as Exhibit A. Documents responsive to this Request are included in AT&T's production.

c. Provide a complete list of CMAs in which AT&T expects to deploy Leap's contiguous spectrum for LTE service within 12 months after closing, and identify the type and band of spectrum that will be deployed in each CMA.

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[23] For example, the list is based on the assumption that the AWS spectrum is cleared in each CMA. 47 C.F.R. § 27.1160 *et seq*. The list may change, among other reasons, if further integration planning discloses that the AWS spectrum is not cleared in a particular CMA.

[24] For purposes of identifying the CMAs where AWS-1 will be deployed in 60 to 90 days and PCS and AWS-1 spectrum will be deployed in 12 months, [**BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[**END AT&T HIGHLY CONFIDENTIAL INFORMATION]** Additionally, AT&T relied on internal Leap spectrum utilization documents available at that time to determine what Leap spectrum is currently unused. Leap is separately submitting those documents in its document production in response to Request No. 24 of Leap's Request for Information. *See* LEAP-FCCEXH-00005451, LEAP-FCCEXH-00005452, and LEAP-FCCEXH-00000082. Set forth as Exhibit 11.b.2 is a spreadsheet that AT&T used to preliminarily identify the CMAs where it could deploy AWS-1 spectrum within 60 to 90 days based on the Leap utilization data, AT&T's spectrum utilization data, and AT&T's deployment plans.

Provide a detailed explanation of the steps that AT&T would take to deploy this spectrum in that stated timeframe. In addition, provide all plans, analyses, and reports relating to this deployment.

RESPONSE:

On August 20, 2013, AT&T submitted to the Commission a list preliminarily identifying those CMAs where AT&T estimated it would be able to deploy Leap's spectrum within 12 months after closing for LTE service.[25] An updated list of CMAs is attached as Exhibit 11.c. Exhibit 11.c also identifies the band of spectrum AT&T preliminarily expects to be deployed. As noted in the response to Request No. 11.b, AT&T's integration planning is still preliminary, and the list is subject to change as further integration planning is performed.

In the CMAs identified on Exhibit 11.c, AT&T preliminarily anticipates deploying Leap's AWS-1 and PCS spectrum as an additional carrier of spectrum for LTE service within 12 months after the close of the transaction. **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

AT&T generally will take the following steps in utilizing the Leap spectrum as an additional LTE carrier to a site, though the specific activities may vary by location and deployment may happen more quickly in some CMAs (*e.g.*, where antenna space is readily available on a tower). The steps include, among others, the following: **[BEGIN AT&T**

[25] *See* August 20, 2013 Letter, Exhibit 5. Set forth as Exhibit 11.b.2 is a spreadsheet that AT&T used to preliminarily identify the CMAs where it could deploy spectrum within 12 months based on the Leap utilization data, AT&T's spectrum utilization data, and AT&T's deployment plans.

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[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

In all but a few instances, the Leap AWS-1 or PCS spectrum that can be deployed in these CMAs is unused. In those few CMAs where Leap currently is using a portion of the spectrum,[26] **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

In addition, to respond to this Request, AT&T conducted key word searches of custodian files as detailed in the tables appended as Exhibit A. Documents responsive to this Request are included in AT&T's production.

[26] These CMAs are identified with an asterisk on Exhibit 11.c.

d. Provide a complete list of CMAs in which AT&T plans to deploy Leap's PCS spectrum for LTE service. Provide a detailed explanation of the steps that AT&T would take to deploy this spectrum, including the expected timeframe. Further, provide all plans, analyses, and reports relating to this deployment.

RESPONSE:

AT&T's preliminary integration plans are ultimately to deploy all Leap PCS spectrum for LTE service.[27] The list of CMAs where Leap has PCS spectrum is set forth in Exhibit 11.d. In some instances, as described above in the response to Request No. 11.c, it will be possible to deploy Leap's PCS spectrum in AT&T's LTE network within 12 months or less after closing. The steps involved in such deployment are described in the response to Request No. 11.c. In other instances, the time frame for deploying Leap's PCS spectrum is not known at this early stage in the integration planning process. The timing of any such deployment will depend on a number of factors that will vary by CMA, including, but not limited to, the pace at which Leap customers transition to AT&T's network,[28] the amount of spectrum available, whether that spectrum is contiguous to AT&T spectrum, the amount of future traffic on AT&T's and Leap's networks, and AT&T's plans for deploying additional spectrum in a CMA.

In addition, to respond to this Request, AT&T conducted key word searches of custodian

[27] Because AT&T also uses PCS spectrum for AT&T's HSPA+ technology, AT&T will have the flexibility to use a portion of Leap's PCS spectrum on AT&T's HSPA+ network temporarily as required to support transitioning customers. After such transitioning, AT&T plans to use the PCS spectrum for LTE service.

[28] As described in the Declaration of William Hogg, Senior Vice President of Network Planning and Engineering, AT&T Services, Inc., AT&T's preliminary integration plans call for the full transition of Leap's customers to AT&T's network within 18 months after closing, but customers in individual CMAs may be transitioned more quickly. *See* Declaration of William Hogg, Senior Vice President, Network Planning and Engineering, AT&T Services, Inc. ¶ 9 ("Hogg Decl."). Mr. Hogg's Declaration was included as an attachment to the Public Interest Statement.

files as detailed in the tables appended as Exhibit A. Documents responsive to this Request are included in AT&T's production.

e. For each relevant area, explain in detail and provide all documents discussing, how AT&T's planned utilization of Leap's AWS-1 and PCS spectrum is superior for AT&T's LTE deployment, compared to any other spectrum considered by AT&T.

RESPONSE:

As described in the Public Interest Statement, the transaction will put Leap's spectrum, a significant amount of which is currently not deployed, to more efficient use in AT&T's 4G LTE network. Leap's AWS-1 and PCS spectrum is ideally suited for deployment in AT&T's LTE network because (1) unlike WCS and Lower 700 MHz D and E spectrum, PCS and AWS-1 spectrum is available for deployment today; (2) as discussed above, much of the spectrum can be deployed in 12 months or less because Leap is not currently using the spectrum; (3) in many areas, Leap's unused AWS-1 and PCS spectrum will be contiguous with AT&T's spectrum, allowing for wider, more spectrally-efficient channels, and (4) the spectrum is compatible with the handsets and other devices that millions of AT&T customers are currently using.

As explained in the Public Interest Statement, more than half of Leap's spectrum inside its network footprint, as well as spectrum covering 41 million people outside its network footprint, is not currently in use.[29] This eliminates the need to transition Leap customers off the network prior to spectrum deployment and will permit AT&T to deploy much of the spectrum promptly. Furthermore, the AWS-1 and PCS bands are already being used in existing AT&T devices, eliminating the need for a new band plan to be developed, which would require research

[29] Description of Transaction, Public Interest Showing and Related Demonstrations at 14 (filed Aug. 1, 2013) ("Public Interest Statement").

and development costs as well as a lengthy testing process before radios could be developed for new user equipment. AT&T customers will be able to utilize Leap's AWS-1 and PCS spectrum without purchasing new equipment, and LTE handsets currently in service today will have access to the capacity created by enabling the AWS-1 and PCS bands.

Furthermore, since Leap's spectrum holdings are complementary to AT&T's 4G LTE deployments, AT&T will be able to deploy Leap's unused spectrum within a year in many CMAs, and within 60 to 90 days in certain areas, as discussed above. AT&T also preliminarily expects to refarm much of Leap's currently utilized spectrum.[30]

Finally, because AT&T's LTE network is already operating on AWS-1 spectrum and AT&T has commenced the rollout of LTE service on PCS spectrum, the addition of Leap spectrum will allow AT&T to deploy LTE services in larger, more robust, contiguous 10x10 MHz (or greater) blocks of spectrum in many areas. For example, in many areas, the transaction will give AT&T a contiguous 10x10 MHz block of AWS-1 where AT&T currently has none (*e.g.*, Philadelphia, Pa.; Washington, D.C.; San Diego, Ca.; Plaquemines, La.; Alton-Granite City, Ill.; Oconee, S.C.; and Pine Bluff, Ark.). In other license areas, the transaction will permit a move from a 5x5 MHz deployment to a contiguous 10x10 MHz or greater AWS-1 deployment (*e.g.*, Lafayette, La.; Racine, Wis.; and Las Cruces, N.M.).[31] These wider bands will permit better network performance, including, among other things, higher peak and average speeds.

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[30] *See* Response to Request No. 12.a.

[31] *See* August 20, 2013 Letter, Exhibit 6 (listing the CMAs where, in at least one county within the CMA, AT&T currently holds less than 20 MHz of contiguous AWS-1 spectrum, and the addition of the Leap spectrum will give AT&T 20 MHz or more of contiguous AWS-1 spectrum).

The performance benefits of wider bands are discussed in more detail in the response to Request No. 13.a.

In addition, to respond to this Request, AT&T conducted key word searches of custodian files as detailed in the tables appended as Exhibit A. Documents responsive to this Request are included in AT&T's production.

f. Describe in detail how the availability of backhaul services affects AT&T's ability to provide LTE at a particular rate of speed, and identify each CMA where AT&T plans to use spectrum acquired from Leap to support LTE and where AT&T anticipates backhaul services to support LTE at a desired rate of speed will be unavailable.

RESPONSE:

AT&T matches backhaul speeds to the capability of the radio access network ("RAN"). Backhaul performance must match that of the RAN, or the backhaul limitations will prevent the full capabilities of the RAN from being achieved. AT&T's current guidelines with regard to backhaul performance **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

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As part of the LTE deployment process, AT&T implements backhaul solutions that support LTE bandwidth requirements using AT&T wireline transport facilities, alternative carrier wireline transport facilities, or microwave backhaul facilities. Exhibit 11.f indicates

whether AT&T has identified a high-speed backhaul solution in CMAs where Leap holds spectrum ("Leap CMAs"). In **[BEGIN AT&T CONFIDENTIAL INFORMATION] [END AT&T CONFIDENTIAL INFORMATION]** Leap CMAs, AT&T either has already deployed LTE to sites or AT&T has identified a potential backhaul solution to sites **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] Where AT&T has deployed LTE to sites, AT&T's network can already support high-speed backhaul and the addition of Leap spectrum to AT&T's LTE network likely will not require any backhaul modifications to those sites. If particular sites do require any bandwidth modifications, such modification would typically be a simple up-speed of bandwidth on already existing Ethernet circuits. In the remaining **[BEGIN AT&T CONFIDENTIAL INFORMATION] [END AT&T CONFIDENTIAL INFORMATION]** Leap CMAs,[33] AT&T currently has not identified a potential backhaul solution to sites in **[BEGIN AT&T CONFIDENTIAL INFORMATION]**

[END AT&T CONFIDENTIAL INFORMATION]

[32] A CMA is categorized as having LTE deployed if at least one cell site in the CMA has LTE radio equipment and an existing high-speed backhaul solution. Likewise, a CMA is categorized as having a potential high-speed LTE backhaul solution if such a potential solution has been identified for at least one cell site in the CMA.

[33] AT&T has not included **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

12. REQUEST:

The Applicants maintain that AT&T would be able to "refarm Leap spectrum into AT&T's LTE network even before the full customer migration and network integration is completed." (Public Interest Statement, page 16). The Applicants further assert that the remaining Leap spectrum would be available for redeployment on AT&T's LTE network "shortly after AT&T completes the migration of Leap customers to AT&T's networks, which is expected within 18 months." (Public Interest Statement, page 16).

a. Describe in detail, provide a timeline, and provide all plans, analyses, and reports, explaining AT&T's plans to refarm Leap's AWS-1 and PCS spectrum into AT&T's LTE network, specifically addressing how refarming will be accomplished before, during, and after full customer migration and network integration.

RESPONSE:

AT&T preliminarily plans to refarm currently used Leap AWS-1 and PCS spectrum for use in AT&T's LTE network.[34] This refarming will occur on a rolling basis, as Leap customers are migrated to AT&T's network. As traffic declines on Leap's network, AT&T will be able to carve blocks of spectrum from Leap's service and redeploy that spectrum for AT&T's LTE network. The rate at which this refarming may occur will vary by CMA, depending on the rate at which Leap customers can be transitioned, the Leap spectrum available, and the amount of traffic on Leap's network. In due course, as integration planning proceeds, AT&T will be able to consider Leap customer retention rates, radio utilization data, and other data necessary to forecast the rate at which refarming will occur in each CMA. Thus, there is no detailed timeline

[34] Because AT&T also uses PCS spectrum for AT&T's HSPA+ technology, AT&T will have the flexibility to use a portion of Leap's PCS spectrum on AT&T's HSPA+ network temporarily as required to support transitioning customers. After such transitioning, AT&T plans to use the PCS spectrum for LTE service.

for such refarming at this time. However, AT&T expects to complete the full transition of Leap's customers to AT&T's network within 18 months after closing. Thereafter, AT&T preliminarily expects that, in many cases where it will have plans to deploy additional spectrum, it will be able to refarm any remaining spectrum in **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

In addition, to respond to this Request, AT&T conducted key word searches of custodian files as detailed in the tables appended as Exhibit A. Documents responsive to this Request are included in AT&T's production.

b. Provide a detailed explanation of AT&T's plans for Leap's LTE network and provide documents sufficient to support this explanation.

RESPONSE:

AT&T plans to migrate Leap's LTE customers to AT&T's more robust LTE offering. While Leap has deployed LTE in a handful of metro areas, those deployments have been in small block 3x3 MHz or 5x5 MHz configurations that generally support throughput speeds lower than AT&T's more robust LTE network, which typically deploys 10x10 MHz configurations and is expected to cover nearly 270 million people in over 400 markets by the end of 2013.

As the migration of Leap LTE customers is completed, AT&T will shut down the Leap LTE network and repurpose the Leap spectrum in accordance with the preliminary plans set forth in the response to Request No. 12.a.

In addition, documents responsive to this Request are included in AT&T's production.

c. For each relevant market, provide all plans, analyses, and reports, including any documentation, methodologies, and assumptions used in any underlying models, discussing the implementation and buildout of AT&T's LTE network and proposed LTE service, plans, devices and roaming plans: (1) absent the Proposed Transaction; and (2) with the Proposed Transaction.

RESPONSE:

To respond to this Request, AT&T conducted key word searches of custodian files as detailed in the tables appended as Exhibit A. Documents responsive to this Request are included in AT&T's production.

13. REQUEST:

The Applicants assert that the Proposed Transaction would allow "more efficient use of the Leap spectrum than was possible on the Leap network." (Public Interest Statement, page 16). The Applicants contend that Leap's spectrum would allow AT&T to deploy LTE services in "larger, more robust, contiguous 10x10 MHz (or greater) blocks of spectrum and put the spectrum to "efficient and intensive use." (Public Interest Statement, pages 13, 17).

a. Explain and describe in detail how contiguous spectrum in the relevant markets enables more spectrally efficient deployments, including but not limited to, any analyses comparing the spectral efficiency, user performance, and capacity characteristics of a 5x5 megahertz LTE deployment with a 10x10 megahertz LTE deployment for existing cell site types and locations, spectrum and specific peak hour demand. Provide all documents relied on in preparing the response.

RESPONSE:

A 10x10 MHz deployment of contiguous spectrum would be more spectrally efficient than a deployment of two non-contiguous 5x5 MHz blocks. As discussed below, the 10x10 MHz deployment's wider bandwidth provides greater trunking efficiencies. Additionally, a 10x10 MHz contiguous block also benefits from signaling efficiency as many of the control overhead/messages (such as Physical Broadcast Control Channel, Shared Channel, *etc.*) need to be transmitted only once instead of twice, as would be the case for two non-contiguous 5x5 MHz

blocks. These efficiency improvements result in higher system capacity and spectral efficiency and a better user throughput experience than would be possible over two separate 5x5 MHz blocks.

The wider bandwidth of a contiguous 10x10 MHz block provides greater trunking efficiency gain due to the pooling of the resources across a single scheduler, thus enabling AT&T to carry more traffic (more calls and more megabytes of data traffic per busy hour) than AT&T would be able to carry over two separate 5x5 MHz blocks. In other words, the increased efficiency results from the fact that potential users can be scheduled over a larger number of resources (sub-channels) in the 10x10 MHz deployment than they can if they were split between two separate 5x5 MHz blocks.[35] In addition, when the channel bandwidth is significantly greater than the coherence bandwidth[36] (the coherence bandwidth is generally somewhat less than 5 MHz in these systems), it ensures that the entire signal does not undergo a deep fade, and by using proper frequency-selective resource allocation, this should result in increased efficiency.

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[35] A useful analogy is to the ticket agent line at an airport. One line that is served by four ticket agents will provide more prompt and efficient service for customers than two separate lines, where each line is served by two ticket agents and customers cannot change lines. When one line is served by four ticket agents, whenever an agent is available, the next customer in line will be served. With two separate lines, if one line is empty and the other is full, the ticket agents serving the empty line are not utilized because customers cannot change lines. Combining the two lines results in better service to the customers as a whole, uses the ticket agents more efficiently, and provides the capacity to serve more customers in a given amount of time.

[36] "Coherence bandwidth is a statistical measure of the range of frequencies over which the channel can be considered 'flat' (*i.e.*, a channel which passes all spectral components with approximately equal gain and linear phase). In other words, coherence bandwidth is the range of frequencies over which two frequency components have a strong potential for amplitude correlation." Theodore S. Rappaport, Wireless Communications Practice and Principles 202 (Prentice Hall PTR, 2d ed. 2002).

The relative gain in capacity from a 5x5 MHz to a 10x10 MHz deployment is nonlinear, meaning that the capacity of a 10x10 MHz block is greater than the total capacity of two separate 5x5 MHz blocks. For example, AT&T estimates that the average downlink capacity of a 10x10 MHz block, optimized for average user performance, is more than double — 2.2 times — the capacity of a 5x5 MHz block. Thus, the 10 MHz block would have approximately 10 percent more capacity than two 5 MHz blocks.[37] It also is well known that the peak data rate for a 10x10 MHz block is twice that of a 5x5 MHz block.[38] The wider bandwidth also results in noticeably better performance for users than deployment using two 5x5 MHz blocks.[39] Wider channels also permit incremental gains in latency, because the increase in throughput speeds allows more rapid satisfaction of a user's download (or upload) request, freeing up resources for other users and thus making it less likely that any given packet will have to "wait in line" to be transmitted.

AT&T's customers are reaping these benefits and efficiencies as AT&T moves to a 10x10 MHz LTE deployment from a 5x5 MHz LTE deployment in numerous CMAs. For example, AT&T recently deployed Lower 700 MHz B Block spectrum it acquired from Verizon in areas where AT&T already had deployed Lower 700 MHz C Block spectrum. In the areas where this deployment resulted in a 10x10 MHz channel for LTE, customers have experienced significant improvements in throughput speeds and latency, as well as improved accessibility and

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[37] *See* ATT-FCC-001915643 at 8-9 (setting forth assumptions underlying capacity gain estimates); *see also* ATT-FCC-001290976 (describing LTE spectral efficiency).

[38] *See, e.g.*, Eiko Seidel, Junaid Afzal, Günther Liebl, Nomor Research GmbH, *White Paper — Dual Cell HSDPA and its Future Evolution* at 2 (January 2009) (stating that doubling bandwidth will double data rates), *available at* http://www.nomor.de/uploads/1h/pA/1hpAccByjinAOWBDzTNt4w/WhitePaper_DC-HSDPA_2009-01.pdf.

[39] *See* ATT-FCC-001916132.

retainability.[40]

Documents responsive to this Request are included in AT&T's production.

b. Explain and describe in detail how non-contiguous spectrum in both the AWS-1 and PCS bands could improve spectrum utilization based on AT&T's current and planned site configuration, network configuration, user equipment offerings and technology evolution for both HSPA+ and LTE technologies.

RESPONSE:

Non-contiguous spectrum may be utilized in AT&T's network in two ways: (1) by deploying the non-contiguous band as an additional channel, or (2) by taking advantage of carrier aggregation technology, which bonds two non-contiguous bands into a single wider channel.

Leap's non-contiguous spectrum can be used to expand the capacity on AT&T's network, which will result in, among other things, higher quality service to customers and greater download speeds. As noted above, much of Leap's non-contiguous spectrum is currently unused. Any use of such spectrum in AT&T's LTE/HPSA+ network therefore would improve its utilization.[41] With regard to Leap's non-contiguous spectrum that is currently in use, the refarming of such spectrum into AT&T's technologically more advanced and robust network would increase the intensity of its utilization. AT&T plans to refarm spectrum from Leap's less spectrally efficient CDMA and LTE networks into AT&T's more robust and spectrally efficient LTE network. For example, Leap is currently providing LTE using small 3x3 or 5x5 MHz

[40] *See* ATT-FCC-000027927; *see also* ATT-FCC-001041941.

[41] Because AT&T also uses PCS spectrum for AT&T's HSPA+ technology, AT&T will have the flexibility to use a portion of Leap's PCS spectrum on AT&T's HSPA+ network temporarily as required to support transitioning customers.

blocks. AT&T will be converting spectrum in Leap's LTE network for use in AT&T's LTE network where 10x10 MHz blocks of spectrum are typically used for LTE service. The efficiency gains of larger spectrum blocks are discussed in more detail in the response to Request No. 13.a.

Leap's AWS-1 and PCS spectrum is compatible with the handsets and devices used by millions of AT&T's customers. Thus, these customers will enjoy the benefits of the increased capacity created by Leap's spectrum immediately upon deployment. Furthermore, this spectrum would be deployed over more combined sites than standalone Leap would have, thus increasing the total capacity provided in the geographic area.

Also, carrier aggregation technology permits the bonding of non-contiguous spectrum into a single wider channel. The technology makes it possible to overcome spectrum fragmentation by allowing non-contiguous spectrum bands to be utilized as a bonded block of spectrum.

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Carrier aggregation will provide additional capacity needed for LTE, but with the added user benefits that accrue to wider bands. Under bursty traffic conditions, for example, carrier

aggregation has the potential to double peak speed compared to the speed achieved by unbonded blocks of spectrum. Due primarily to higher trunking efficiency, carrier aggregation also provides significant gains in average user throughput.

Additionally, the wider bands enabled by carrier aggregation result in increased frequency diversity gain versus using two separate channels. Diversity gain refers to a quality of frequency bands which causes them to perform differently under different conditions. Thus, with a single aggregated band, if one frequency is impaired, it is more likely that another frequency can be utilized to give a customer the strongest possible signal. This is referred to as frequency selective scheduling. Carrier aggregation also helps address the asymmetry of data flows between downlink and uplink channels by allowing for wider downlink blocks.

The evolution of carrier aggregation technology will eventually permit three or more blocks of spectrum to be aggregated into a single channel, allowing for even greater network benefits. **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] Furthermore, standards are being developed which will permit the use of *intra-band* carrier aggregation technology, for example, to bond two non-contiguous 5 MHz blocks of PCS spectrum so that they act as a single 10 MHz channel.

c. Provide all plans, analyses, and reports, including any documentation, methodologies, underlying spreadsheets, and assumptions used in any underlying models, discussing how Leap's network assets would be complementary to AT&T's network and would result in improved network experience for AT&T and Leap customers.

RESPONSE:

To respond to this Request, AT&T conducted key word searches of custodian files as detailed in the tables appended as Exhibit A. Documents responsive to this Request are included in AT&T's production.

14. REQUEST:

Provide all plans, analyses, and reports, and any underlying spreadsheets, which relate to or discuss problems or difficulties providing any relevant service in any relevant areas including, but not limited to:

a. spectrum utilization and efficiency;
b. how AT&T evaluates and monitors capacity and capacity utilization, including the amount of spectrum, speed of connection, and facilities (including cell site configuration and backhaul) that are required to meet consumer demand;
c. AT&T's estimates of the spectrum required to support each relevant service and projections of when AT&T will exhaust its available spectrum in each relevant area;
d. any spectrum capacity constraints AT&T is currently facing or the Company is projected to face in the future;
e. dropped and/or blocked calls;
f. speed and other quality measures of data services;
g. the amount of spectrum needed for the Company to provide mobile wireless services for each technology deployed in the AT&T network;
h. the impact the availability of backhaul services has on AT&T's ability to provide data services at a particular rate of speed; and
i. repurposing spectrum, including the transition of subscribers from the repurposed spectrum; and alternative solutions to any spectrum constraint problems, including enhanced network or user equipment features, changing prices, or use of small cells or other network reconfiguration options.

RESPONSE:

To respond to this Request, AT&T conducted key word searches of custodian files as detailed in the tables appended as Exhibit A. Documents responsive to this Request are included in AT&T's production.

15. REQUEST:

The Applicants assert that "AT&T expects that many Leap customers can be seamlessly migrated to AT&T's network as they select their new devices" and that "as AT&T learns more about Leap's customer base, it may formulate offers designed to further encourage Leap's customers to migrate to AT&T's network within 18 months of merger close." (Applicants Aug. 20 Amendment, pages 2-3).

a. Describe in detail AT&T's plans to migrate current Leap customers to AT&T, including:

i. any plans relating to AT&T's expectation that "many Leap customers can be seamlessly migrated to AT&T's network as they select their new devices, and the length of time Leap's current customers would be able to use their existing devices after the closing of the Proposed Transaction";

ii. any plans to "formulate offers designed to further encourage Leap's customers to AT&T's network within 18 months of merger close";

iii. any plans for relevant services and devices to be offered to Leap's current customers, including but not limited to (a) a detailed description of AT&T's plans to provide Leap's customers with devices that can be used on AT&T's network and any associated charges to a Leap customer who is required to acquire such a device, and (b) the data rates, service plans and pricing to be offered to Leap's customers, specifically identifying the rate plans that will appeal to value conscious customers; and

iv. any plans for Leap's customers to retain their current service plans and if so, the length of time existing Leap customers can remain enrolled under their existing service plans, and the period during which new Leap customers would be able to select one of Leap's current service plans after the closing of the Proposed Transaction. Include in your explanation a detailed discussion of all the different types of prepaid/no-contract plans (e.g., daily, monthly all-you-can-eat, and pay as you go) currently available to Leap's customers.

b. Describe in detail the transition of Leap's existing customers, including

i. a projected timeline for the transition of all of Leap's customers;

ii. how Lifeline customers would be transitioned;

iii. how Muve Music customers would be transitioned and whether the

service would continue to be offered; and

iv. the transition of Leap's customers enrolled under the MVNO arrangement with Sprint.

RESPONSE:

As of the date of this Response, AT&T's detailed integration planning is in the early stages, and no final decisions concerning customer transition have been made. AT&T will not make any final determinations about potential changes to the operations of either company or customer migration until AT&T has obtained more detailed information about Leap's operations and customers,[42] which will occur later in the integration planning process and, in some cases, after closing. Any preliminary integration plans are subject to change as the process moves forward, and based on external events and the outcome of the regulatory process in this transaction. AT&T's Response is, therefore, based in part on the assumptions that were included in its pre-transaction analysis, as reflected in the materials filed in response to Request No. 22, and as discussed in the Public Interest Statement and related materials filed with the Commission on August 1, 2013[43] and the Joint Opposition filed with the Commission on October 23, 2013.[44]

AT&T has a merger integration team that will develop plans on multiple aspects of integration, including customer care, marketing, network, finance, information technology,

[42] Leap offers service as Cricket Wireless. Therefore, this Response refers to Leap and Cricket interchangeably.

[43] *See* Public Interest Statement; August 20, 2013 Letter.

[44] Joint Opposition of AT&T Inc. and Leap Wireless International, Inc. to Petitions to Deny and Condition and Reply to Comments (filed Oct. 23, 2013) ("Joint Opposition"). *See also* the documents responsive to Request No. 15 submitted as part of AT&T's production.

supply chain, and sales operations.[45] The merger integration team has started periodic meetings and is in the process of gathering the facts it will need to develop and implement customer migration plans.

For discussion purposes, AT&T's merger integration team has developed illustrative timelines which depict significant milestones of the customer migration process.[46] This includes estimated time periods for launch readiness execution, organic migration, completion of customer migration, and completion of network integration.[47] In addition, as part of the preliminary planning process, the team has identified its merger philosophies, which include decisions to: retain the Cricket brand; combine AT&T's flanker brand Aio Wireless ("Aio") and Leap operations; and [**BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION**]

[**END AT&T HIGHLY CONFIDENTIAL INFORMATION**] The integration team has also identified certain merger goals, including to complete the transition of Leap's customers to AT&T's network within 18 months after closing;[49] [**BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION**]

[45] *See* ATT-FCC-000032317 at 7.

[46] *Id.* at 9.

[47] *Id*.

[48] ATT-FCC-000032674 at 2.

[49] In certain areas, Leap customers may be migrated to AT&T's network within **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION]** *See* ATT-FCC-001291717 at 23. *See also* ATT-FCC-000032674 at 2, 6.

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] AT&T expects to continue to develop its customer transition plans as it obtains more details about Leap's business and customers.

Based on historical patterns and industry experience, AT&T expects that many Leap customers will find AT&T's device and rate plans attractive and therefore choose to migrate on their own initiative. In that regard, prepaid subscribers typically upgrade their devices frequently.[51] Indeed, "[a]pproximately **[BEGIN LEAP CONFIDENTIAL INFORMATION]** **[END LEAP CONFIDENTIAL INFORMATION]** percent of Leap handsets were replaced over the last 18 months."[52] Accordingly, AT&T expects that many Leap customers will migrate quickly and voluntarily to AT&T's network as they select new devices.

To the extent necessary, AT&T may formulate offers designed to further encourage Leap customers to migrate to AT&T's network within 18 months of merger close.[53] AT&T does not yet have detailed and finalized plans for such incentive offers. Those offers may be developed as

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[50] ATT-FCC-000032674 at 2.

[51] This is consistent with industry-wide experience. For example, in the T-Mobile/MetroPCS proceeding, T-Mobile explained that it expected most customers to migrate "quickly and naturally" because historically 60-65 percent of MetroPCS subscribers upgrade their handsets each year and migrating customers will have a wider selection of smartphones and a higher quality network available to them. *Applications of Deutsche Telekom AG, T-Mobile USA, Inc., & MetroPCS Commc'ns, Inc., for Consent to Transfer of Control of Licenses & Authorizations*, WT Dkt No. 12-301, Description of Transaction, Public Interest Showing, and Related Demonstrations of Deutsche Telekom AG and MetroPCS Communications, Inc. at 37 (filed Oct. 18, 2012). Recently, T-Mobile noted that its migration of legacy MetroPCS customers to T-Mobile's network is ahead of schedule. *See* T-Mobile US, Inc., Quarterly Report (Form 10-Q), at 36 (Nov. 7, 2013).

[52] *See* Joint Opposition at 8 n.26; Declaration of Robert A. Strickland, Chief Technology Officer for Leap Wireless International, Inc. ¶ 2 (Oct. 23, 2013).

[53] *See* August 20, 2013 Letter at 2-3.

AT&T learns more about Leap's customer base and gains experience in transitioning Leap customers during the actual migration process.[54]

AT&T will honor the existing plan of each Leap customer as of merger close, provided that the customer does not suspend or terminate his or her service for that plan, or choose to upgrade to a device or plan that is not comparable to his or her current device or plan.[55] In addition, AT&T intends to compete vigorously and broadly for prepaid customers, and to that end, AT&T will continue to offer all customers, including migrating Leap customers, competitive rate plans that appeal to value-conscious customers, including the option of choosing low-cost devices and low-cost services. Further information about the plans that will be available to migrating Leap customers is set forth in the response to Request No. 16.

As an example of AT&T's plans to meet the needs of value-conscious customers, AT&T recently agreed to certain commitments in California. In particular, AT&T has agreed that, for a period of 18 months after closing, Cricket will offer a $40 per month (including all taxes and fees) prepaid plan featuring unlimited talk, text and data and no roaming charges to new and

[54] As is the case for other Leap customers, AT&T has not yet developed a detailed and comprehensive plan for transitioning Leap's existing Lifeline customers, customers who use the Muve Music feature, or MVNO customers. AT&T's knowledge of Leap's operations is limited at this early stage; for example, AT&T will not obtain access to information concerning MVNO arrangements that would bear on any decisions concerning these customers until after transaction close.

[55] Joint Opposition at 7. This commitment includes Leap customers' existing plans that are pay-as-you-go, all you can eat, or daily. AT&T has not yet determined the period of time after closing that Cricket-branded rate plans existing at close will be offered to new customers of the combined company.

existing customers in California.[56] To further demonstrate its commitment to compete vigorously for prepaid/no-contract customers, AT&T intends to offer the same $40 per month prepaid plan, not just in California, but wherever the Cricket brand is available nationwide during the same 18-month period.[57]

Upon migration to the AT&T network, Leap customers will have access to an array of devices, including the iPhone 5c (both 16 GB and 32 GB) and 5s, the Samsung Galaxy Express, the Nokia Lumia 620, and other smartphones and feature phones. These devices currently are available to customers of Aio, which routinely updates its device portfolio. Exhibit 15.e provides an updated preliminary list of devices along with a description of their features and supported services.[58] Leap customers also will have the opportunity to take advantage of the "bring your own device" option that will allow them to use any unlocked and technically compatible phone on AT&T's nationwide network. Migrating Leap customers also may choose to upgrade devices and/or service and adopt a new rate plan from AT&T's full portfolio of services, including postpaid services.

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[56] Letter to Ryan Dulin, Director of Communications Division, California Public Utilities Commission, Re: Notice by AT&T Inc. of Proposed Indirect Transfer of Control of Cricket Communications, Inc. (U 3706 C) at 5-6 (filed Oct. 8, 2013) ("CPUC Letter"); *see also* Joint Opposition at 6-7. In California, AT&T also has committed to continue to offer Lifeline service to existing and new Lifeline-eligible customers who reside in the geographic area served by Cricket's facilities-based CDMA network at merger closing. *See* CPUC Letter at 6. The $40 per month plan is described further in response to Request No. 16.a.

[57] Joint Opposition at 7.

[58] AT&T previously provided the Commission with a preliminary list of devices that AT&T expects to offer to Leap customers. *See* August 20, 2013 Letter, Exhibit 2. The device portfolio is routinely updated and likely will change before closing and throughout the actual migration process. AT&T expects the combined company's portfolio to continue to contain an array of popular devices.

c. Provide all plans, analyses, and reports discussing customer migration and transition of Leap's current customers to AT&T.

RESPONSE:

To respond to this Request, AT&T conducted key word searches of custodian files as detailed in the tables appended as Exhibit A. Documents responsive to this Request are included in AT&T's production. Because it is still very early in the integration planning process, these documents contain very preliminary conceptual proposals that are for discussion only and are subject to further review, consideration, vetting and refinement that will occur throughout the integration planning effort before and after closing.

d. Identify all CMAs where Leap has ETC status on tribal lands. Describe in detail AT&T's plans for allowing those customers to continue participating in the Lifeline program after the transaction.

RESPONSE:

It is AT&T's understanding that Leap has ETC status on certain tribal lands and that Leap's ETC status is subject to the laws and regulations of the individual states where Leap provides service to its Lifeline customers. AT&T does not have a list of the CMAs where Leap has ETC status on tribal lands. As noted above, AT&T has not finalized detailed migration plans for Leap customers, including those with Lifeline service.

e. For each handset that would be offered to Leap's customers after the closing of the Proposed Transaction, provide a description of the features of that handset and the services (e.g., HSPA+, LTE) supported by that handset.

RESPONSE:

Exhibit 15.e provides an updated preliminary list of handsets that may be offered to Leap's customers after the transaction's close. This Exhibit includes a description of the features

and services supported by the handsets listed.[59]

16. REQUEST:

> **The Applicants state that "AT&T generally has not aimed to match the offerings of prepaid/no-contract companies such as Cricket and others," although they also state that "AT&T has been marketing prepaid services under the 'AT&T GoPhone' brand for many years" and "recently launched standalone prepaid brand called 'Aio Wireless.'" (Public Interest Statement, page 12). The Applicants contend that by combining "Leap's established Cricket brand . . . with AT&T's nationwide 4G LTE/HSPA+ network, advanced devices and services, and financial resources, the combined company more quickly will bring customers nationwide a higher-quality, more robust, and competitive prepaid offering." (Public Interest Statement, pages 12-13).**
>
> **a. Explain in detail and provide documents sufficient to support your explanation, of AT&T's post-transaction plans to achieve such prepaid/no-contract offerings that would "bring customers nationwide a higher-quality, more robust, and competitive prepaid offering." Include in your response the details regarding the different types of prepaid offerings (*e.g.*, daily, monthly all-inclusive, and pay-as-you-go). Provide a detailed description of the Company's plans for GoPhone and Aio Wireless.**

RESPONSE:

As explained above in response to Request No. 15.a, final decisions about the combined company's post-transaction operations will be made later in the integration planning process. Thus, AT&T's response is based in part on the assumptions that were included in its pre-transaction analysis, as reflected in the documents submitted in response to Request No. 22.b below, and as discussed in the Public Interest Statement and related materials filed with the Commission on August 1, 2013,[60] and the Joint Opposition filed with the Commission on

[59] *See supra* n.58. The combined company's handset portfolio is likely to change throughout the integration planning process and the actual migration process.

[60] *See* Public Interest Statement; August 20, 2013 Letter.

October 23, 2013.[61]

AT&T's post-transaction plans will bring consumers nationwide a higher quality, more robust and competitive prepaid offering by:

- Providing Leap's customers with access to AT&T's advanced nationwide 4G broadband network, superior array of devices, more robust data services, and Wi-Fi hotspots across the country;[62]
- Making AT&T rate plans available to Leap customers, while honoring existing rate plans of Leap customers who wish to maintain their existing plan of choice;[63]
- Offering a $40 per month (including all taxes and fees) prepaid plan featuring unlimited talk, text and data;[64]
- Integrating Leap's and Aio's distribution and operations under the Cricket brand name and expanding the availability of Cricket-branded value offerings nationwide;[65]
- Integrating AT&T's and Leap's wireless networks, including:
    - Deploying Leap's unused AWS-1 and PCS spectrum holdings, resulting in optimization of the parties' combined spectrum holdings to support more spectrally efficient 4G LTE network technology;[66]

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[61] *See* Joint Opposition. *See also* the documents responsive to Request Nos. 16.b and 16.d included in AT&T's document production.

[62] Public Interest Statement at 8-10; August 20, 2013 Letter at 3. Nationwide expansion of the Cricket brand will increase consumer choice and competition for wireless services in the expanded area, and allow the combined company's customers to use their devices without roaming charges or restrictions. Today, Leap provides wireless service outside its limited facilities-based footprint through resale and roaming relationships it has established with other wireless carriers. After the merger, Leap's customers will have access to AT&T's much larger network footprint without being limited in the minutes and data that they can use (as they are today on Leap's partner networks), and without incurring roaming charges. CPUC Letter at 2, 8-9.

[63] *See* Response to Request No. 15; *see also* Public Interest Statement at 9; Joint Opposition at 7.

[64] As noted in the response to Request No. 15, this plan will be offered wherever the Cricket brand is available nationwide for a period of 18 months after close. Joint Opposition at 7. *See also* Response to Request No. 16.a below (describing the $40/month plan).

[65] Public Interest Statement at 5, 7-8, 12; Joint Opposition at 4-9, 31-32.

- Utilizing Leap's complementary AWS-1 and PCS spectrum holdings to enhance AT&T's 4G LTE network performance and expand capacity;[67] and
- Integrating complementary Leap cell sites into the AT&T wireless network, resulting in a denser, more robust network grid, increased network capacity, and improved network performance.[68]

As explained in the Public Interest Statement, and as discussed in more detail in the response to Request No. 22 below, the integration of AT&T and Leap is expected to result in significant efficiencies and consumer benefits.

In 2013, AT&T launched the flanker brand Aio specifically to serve prepaid/no-contract customers more effectively.[69] As noted above, after the transaction's close, AT&T intends to combine the nascent operations of Aio with Leap's existing operations under the Cricket brand name.[70] By expanding the Cricket brand — which is well-known in its footprint — this transaction will accelerate and facilitate AT&T's ability to serve prepaid/no-contract customers across the country.[71]

Leap's existing distribution network — located in close proximity to target customers — and its existing customer base provide a solid platform to compete on a nationwide basis, particularly given the time and resources required to identify and build out physical locations.[72]

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[66] Public Interest Statement at 15-17; August 20, 2013 Letter at 5, Exhibits 4-7; Joint Opposition at 2-3.

[67] *Id.*

[68] Public Interest Statement at 17-18.

[69] *Id.* at 12; Joint Opposition at 6.

[70] Joint Opposition at 31-32.

[71] *Id.* at 6, 31-32.

[72] Public Interest Statement at 12; Joint Opposition at 2; *see also* August 20, 2013 Letter at 6.

AT&T plans to expand the Cricket brand aggressively nationwide into geographic areas outside of Leap's existing network footprint where Leap likely would not provide facilities-based service absent this transaction, including into MetroPCS's historic territories and elsewhere.[73] The combined company's distribution footprint will include the existing Leap retail footprint, the Aio retail footprint, as well as markets where neither Aio nor Leap has its own retail distribution presence at the time of closing. After close, AT&T will optimize the combined company's distribution network to enhance both retail coverage and customer service, while eliminating significant costs.[74]

Current Aio rate plans include simple, all-inclusive (including taxes and fees) monthly pricing, unlimited data, unlimited talk, and unlimited messaging:[75]

- Aio Basic: $40/month, basic phones only, high-speed data allowance up to 250MB with lower speeds for additional usage.
- Aio Smart: $55/month, basic or smartphones, high-speed data allowance up to 2GB with lower speeds for additional usage.
- Aio Pro: $70/month, basic or smartphones, high-speed data allowance up to 7GB with lower speeds for additional usage.

Aio offers maximum download rates for high-speed data for 4G LTE, up to 8 Mbps, and for 4G HSPA+, up to 4 Mbps. For 3G HSPA/UMTS, data speeds typically range from approximately 700 kbps up to 1.7 Mbps. If an Aio customer reaches his or her monthly high-speed data

[73] Joint Opposition at 4; Public Interest Statement at 10-11.

[74] Public Interest Statement at 19. *See* response to Request No. 22.

[75] In addition, Aio currently offers a tablet plan and certain add-on features.

allowance in any given month, the customer's download speed is reduced for the remainder of that month, which is an existing practice of Leap and many other providers in the wireless industry today. At the beginning of the following month, the customer receives a new monthly high-speed data allowance. Aio's reduced data rates after a customer reaches his or her monthly data allowance are [**BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION**]

[**END AT&T HIGHLY CONFIDENTIAL INFORMATION]** currently experience when they exceed applicable data allowances.

It is AT&T's intention to continue to offer the combined company's customers competitive monthly, all-inclusive rate plans. In particular, as noted above, for a period of 18 months post-closing, AT&T intends to offer a $40 per month (including taxes and fees) prepaid plan featuring unlimited talk, text, and data.[76] As discussed above, AT&T also will honor the existing rate plan of each Leap customer after merger close, provided that the customer does not terminate or suspend his or her service for that plan, or choose to upgrade to a device or plan that is not comparable to his or her current device or plan.

In the coming months, as the integration planning process moves forward, AT&T will develop detailed post-closing plans in areas such as customer support; branding strategy and positioning; advertising; marketing and promotions; and retail distribution. While planning on these and other issues is beginning, it is very conceptual at this time and is subject to change and modification, as AT&T learns more about Leap's operations and subscribers and assesses prevailing competitive conditions.

As noted in the Public Interest Statement, GoPhone is AT&T's historical prepaid offering

[76] *Supra* n.64.

intended to complement, rather than compete with, AT&T's postpaid product offerings. GoPhone is an AT&T-branded product that utilizes AT&T's high-quality network, premium devices, and customer services. GoPhone aims to capture incremental customers who do not qualify for, or whose wireless needs are not a good match for, AT&T's postpaid plans.[77] GoPhone generally does not aim to match the offerings of prepaid/no-contract companies such as Cricket and others.[78]

As an AT&T-branded offering, GoPhone has remained separate from the inception, development, and rollout of Aio, which operates separately and apart from AT&T's GoPhone brand.[79] **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

In addition, documents responsive to this Request are included in AT&T's production.

b. Provide all documents discussing the development of new prepaid mobile wireless service offerings, or the expansion, improvement or reduction of existing prepaid mobile wireless service offerings, or any other changes to the company's current prepaid mobile wireless services offerings (sold under the GoPhone and Aio Wireless brands), including but not limited to, brand development or elimination, retail expansion and distribution, promotions, and device offerings.

[77] Public Interest Statement at 12.

[78] *Id.*

[79] *Id.*

RESPONSE:

To respond to this Request, AT&T conducted key word searches of custodian files as detailed in the tables appended as Exhibit A. Documents responsive to this Request are included in AT&T's production.

c. Explain in detail and provide documents sufficient to support your explanation, AT&T's plans after the closing of the Proposed Transaction, to integrate Leap's Cricket brand, with AT&T's current and future prepaid mobile wireless services, including any plans to expand the Cricket brand into any new geographic areas.

RESPONSE:

See response to Request No. 16.a above.

d. Provide all plans, analyses, and reports discussing how the combined company would compete with other mobile wireless services providers, including, but not limited to, prepaid advertising plans and strategies, prepaid service plans and promotions, and devices offered under both the AT&T and the Cricket brands.

RESPONSE:

To respond to this Request, AT&T conducted key word searches of custodian files as detailed in the tables appended as Exhibit A. Documents responsive to this Request are included in AT&T's production.

17. REQUEST:

Provide all plans, analyses, and reports discussing AT&T's pricing decisions for any relevant service in any relevant market and the United States as a whole, including, but not limited to discussions of: (1) pricing plans; (2) pricing policies; (3) pricing forecasts; (4) pricing strategies; (5) pricing analysis; (6) introduction of new pricing plans or promotions, including local promotions and their determinants and expected or actual impact; (7) tiered pricing, including its relationship to data forecasts and profitability and expected or actual impact; and (8) pricing decisions relating to each relevant service and relevant product.

RESPONSE:

To respond to this Request, AT&T conducted key word searches of custodian files as detailed in the tables appended as Exhibit A. Documents responsive to this Request are included in AT&T's production.

18. REQUEST:

Provide all plans, analyses, and reports (including any surveys conducted by AT&T or any third party) discussing how customers view and value AT&T's network quality, service plans, pricing, and promotions (including local promotions), including any changes by competitors as a result of service offerings by AT&T, and any contemplated or actual competitive changes to AT&T's service plans, pricing, or promotions as a response to other service providers' offerings.

RESPONSE:

To respond to this Request, AT&T conducted key word searches of custodian files as detailed in the tables appended as Exhibit A. Documents responsive to this Request are included in AT&T's production.

19. REQUEST:

Provide all documents discussing AT&T's analysis of, response to, or competitive positioning of AT&T and other mobile wireless service providers in the provision of each relevant service or relevant product in each relevant area, including but not limited to, discussions of perceptions of customer service, spectrum holdings, network quality, offering services at a particular rate, the impact of not offering particular wireless services or devices, the entry of a new wireless service provider, the introduction by a rival service provider of any new relevant product or relevant service (such as Wi-Fi, VoIP, or access to Hotspots), roaming, and the ability to use products internationally.

RESPONSE:

To respond to this Request, AT&T conducted key word searches of custodian files as detailed in the tables appended as Exhibit A. Documents responsive to this Request are included in AT&T's production.

20. REQUEST:

> **The Applicants assert that "Leap generally has only a modest presence even in the areas where it does offer facilities-based service" and that "AT&T and Leap are not close competitors." (Public Interest Statement, page 32). Dr. Israel contends that "Leap customers are 'unlikely to prefer the nationwide providers' like AT&T, this means that the potential for substitution from Leap to AT&T is not likely to be large." (Public Interest Statement, Israel Declaration, ¶ 24). Provide all documents that Dr. Israel relied on to make statements concerning Leap and its competitors, and in particular, AT&T and Leap as competitors.**

RESPONSE:

Documents responsive to this Request are included in AT&T's production. Additional documents responsive to this Request are being produced by Leap in response to Leap's Request for Information.[80]

21. REQUEST:

> **Provide all documents relating to the loss of customers to other mobile wireless services providers and any attempts to win customers from other mobile wireless services providers or stem losses of customers, including but not limited to:**
>
> **i. churn data and any analyses or reports thereof, including but not limited to, analyses on the correlation of churn with quality, length of contract commitments, and price or other factors;**
>
> **ii. data or studies indicating that a customer left the company or switched to the company because of pricing, network quality, customer service, or the absence or availability of particular services or devices (including, but not limited to, figures on subscribers lost or gained); and**

[80] Leap's Request for Information at Request No. 15.

iii. documents relating to AT&T's experience or success in obtaining customers through marketing or promotions targeted at particular mobile wireless services providers, particular geographic areas, particular demographic groups, or particular wireless devices, or types of customers (including but not limited to, the offers made and the amount spent on the marketing effort, the number of new subscribers gained, average churn rates for such subscribers and revenue realized by the company).

RESPONSE:

To respond to this Request, AT&T conducted key word searches of custodian files as detailed in the tables appended as Exhibit A. Documents responsive to this Request are included in AT&T's production.

In addition, AT&T is providing churn rate data and churn studies as Exhibits 21.1-21.30.

Exhibit 21.1 provides monthly data on Beginning of Period ("BOP") subscribers, deactivations, and churn rates by CMA, separately for consumer postpaid, business postpaid, GoPhone prepaid, Aio prepaid, and reseller customers.[81] Data for Aio are provided from May 2013 to September 2013; data for all other lines of business are provided from January 2011 to September 2013.

Exhibits 21.2 through 21.24 provide AT&T's Churn Tracking/Customer Retention Studies from January 2011 to October 2013. These studies summarize data from a survey of

[81] AT&T used subscriber NPA-NXX codes to map each subscriber to a zip code and then mapped the data for each zip code to a CMA. In a very small number of instances, the NPA-NXX code could not be mapped to a CMA. These data are provided in the CMA column with an entry of "Unknown."

In the first half of 2011, AT&T migrated significant numbers of former Alltel customers onto its recordkeeping systems during a compressed period of time following an acquisition. As a result, in certain months for certain CMAs, the number of deactivations may greatly exceed the number of "beginning of period" (pre-migration) subscribers, causing a correspondingly large increase in the nominal churn rate.

AT&T postpaid customers who have discontinued service, based on rolling twelve- or four-month periods.

Exhibits 21.25 through 21.30 provide additional churn study reports issued from May 2013 to October 2013. These one-page monthly reports present a selection of the most recent results of the AT&T churn tracking survey described above.

22. REQUEST:

> **The Applicants contend that the Proposed Transaction would result in "significant savings in network and operating costs and other synergies." (Public Interest Statement, page 7).**
>
> **a. Describe in detail all of the claimed savings and synergies that are projected by the Applicants to result from the Proposed Transaction.**

RESPONSE:

As explained above in the response to Request No. 15, AT&T has not completed detailed integration planning efforts and will not make final determinations about integration plans until it is able to obtain more detailed information about the operations of Leap and knows the outcome of the regulatory review process of this transaction. AT&T's Response is, therefore, based primarily on the assumptions that were included in its pre-transaction analysis, as reflected in the documents submitted in response to Request No. 22, and as discussed in the Public Interest Statement and related materials filed with the Commission on August 1, 2013[82] and the Joint Opposition filed with the Commission on October 23, 2013.[83]

The categories of synergies AT&T expects to achieve through this transaction necessarily

[82] *See* Public Interest Statement; August 20, 2013 Letter.

[83] *See* Joint Opposition.

are described with some generality, and both the type and quantification of those synergies may evolve as more information becomes available and integration planning proceeds. AT&T expects efficiencies to be realized in the following categories: (1) network synergies from the integration of AT&T's and Leap's complementary network assets, resulting in increased capacity and an improved network experience for customers; (2) significant operational cost savings and other synergies resulting from the combination; and (3) expanded and improved choices for customers, including nationwide availability of Cricket-branded value offerings over AT&T's advanced 4G broadband network. The cost savings and synergies are described in greater detail in the response to Request No. 22.d below.

b. Provide all plans, analyses, and reports, models, assumptions, and spreadsheets, relating to the estimates of savings in network and operating costs and all synergies referred to in the Applicants' filings in the record, including all documents discussing the projected impact of the synergies on employment after the closing of the Proposed Transaction.

RESPONSE:

Documents responsive to this Request are included in AT&T's production.

c. In particular, describe in detail, and provide all documents relating to, how the Applicants plan to achieve "substantial savings" in customer support functions, while maintaining a "high level of support."

RESPONSE:

The proposed transaction provides substantial synergy opportunities in the area of customer support. For example, AT&T expects the transaction to provide cost savings that will result from combining and optimizing customer support functions, including call center and billing operations. In addition, due to scale benefits from the transaction, AT&T expects

significant savings from Aio's current plan, including: reduction in third-party costs for billing and data network provisioning due to purchase volume, and reductions in customer care costs, which are also volume-based and projected to decrease from plan due to scale. In addition, documents responsive to this Request are included in AT&T's production.

d. For each operational savings or cost synergy identified by the Applicants in determining their total savings and annual savings referred to in the Public Interest Statement and the supporting declarations: (i) provide a quantification of the operational savings or cost synergy and an explanation of how the quantification was calculated; and (ii) state the steps that AT&T anticipates taking to achieve that operational savings or cost synergy, and the estimated time and costs required to achieve it.

RESPONSE:

AT&T estimates that the transaction will generate significant net annual savings and other synergies.[84] These projections are based on AT&T's experience achieving efficiencies in prior transactions, and its due diligence to date regarding Leap's current operations. AT&T utilized a standard discounted cash flow methodology of the sort typically employed by AT&T and many other companies to quantify the value of the efficiencies that will result from the proposed transaction. AT&T's methodology for its current synergy calculations is described in more detail in the Declaration of Rick L. Moore, Senior Vice President of Corporate Development for AT&T, submitted to the Commission on August 1, 2013.[85]

While AT&T at present does not have finalized plans for achieving the savings and synergies described above, AT&T plans to pursue strategies for obtaining savings and synergies

[84] *See* ATT-FCC-001291717 at 39-41.

[85] *See* Declaration of Rick L. Moore, Senior Vice President, Corporate Development, AT&T Inc. ¶ 20 ("Moore Decl."). Mr. Moore's Declaration was included as an attachment to the Public Interest Statement.

similar to those that have proven successful in previous transactions. These include:

- Preliminary identification of high-value cost savings and other synergies during the due-diligence process. AT&T expects to refine this analysis as the merger planning and implementation process proceeds;

- Continuing to build on AT&T's knowledge — consistent with legal and regulatory limitations — regarding each anticipated synergy and the most efficient means of accomplishing it. This may result in refinement of the nature, estimated value and timing of the planned savings and other synergies;

- Ongoing communications within AT&T planning teams and among other AT&T employees to refine initial estimates; and

- Development of a detailed plan for achieving savings and other synergies, execution of the plan, and measurement of progress in achieving the plan.

AT&T expects that the proposed transaction will provide cost savings and synergies as described below.

1. Network Synergies from the Integration of AT&T's and Leap's Complementary Network Assets

As discussed in the responses to Requests Nos. 11, 12, 13 and 23, the complementary network assets of AT&T and Leap will deliver an improved network experience for customers of both companies. AT&T will deploy Leap's undeployed spectrum holdings for 4G LTE services. This and other network related efficiencies, including the integration of Leap cell sites to create a denser network grid, will enhance AT&T's network and provide an improved 4G network experience for customers of both companies.

2. The Transaction Will Produce Significant Cost Savings and Other Synergies

AT&T estimates that in **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION]** of the combined company's operations, the transaction will result in net annual operating cost

savings and other synergies of approximately **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

As discussed in the Moore Declaration, the cost savings will come primarily from the integration of AT&T's and Leap's networks and the reduction of numerous operational costs.[87] There are also additional synergies that will allow the combined company to attract and retain a larger share of prepaid customers and increase smartphone sales.[88] AT&T estimates that the present value of its cost to upgrade Leap's network to 4G, migrate customers, and decommission redundant facilities will be approximately **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

a. Network Benefits

Apart from the pro-consumer benefits relating to enhanced network performance that will result from the transaction, AT&T estimates that in **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** of the combined company's operations, network benefits translate into annual operating savings of approximately **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

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[86] ATT-FCC-001291717 at 39-41.

[87] Moore Decl. ¶¶ 21-22. These cost savings are discussed in Sections 2.a (Network Benefits) and 2.b (Operational Benefits) below.

[88] Moore Decl. ¶ 23. These additional synergies are discussed in Section 2.c (Other Synergies) below.

[89] ATT-FCC-001291717 at 41.

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] Many of Leap's cell sites will be productively integrated into AT&T's network to increase capacity, as Mr. Hogg explains in his declaration,[91] but other sites will be decommissioned without affecting network performance. This will eliminate lease, utility, maintenance, and other site-related expenses. AT&T also expects to reduce interconnection and backhaul expenses, as compared to what Leap would have paid on its own, by switching to existing AT&T facilities where possible and by utilizing AT&T's increased scale to negotiate improved rates.

b. Operational Benefits

AT&T estimates that in **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** of the combined company's operations, the transaction will result in additional operational annual cost savings of approximately **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] For example, the roaming expenses that Leap would have paid as a standalone company will be substantially reduced because AT&T will offer a significantly greater on-net footprint and expanded coverage in comparison to Leap's current network. AT&T will optimize the combined company's distribution network to enhance both retail coverage and customer service while eliminating

[90] ATT-FCC-001291717 at 39-40.

[91] Hogg Decl. ¶ 10; *see also* Response to Request No. 23, below.

[92] *Id.*

significant cost.[93] AT&T will be able to maximize the effectiveness of its advertising and marketing spend.

In addition, as discussed in response to Request No. 22.c, there are substantial synergy opportunities in the area of customer support, equipment, and general and administrative costs. These include cost savings that will result from combining and optimizing customer support functions, including call center and billing operations, while maintaining a high level of support. There also will be cost savings from removing redundancy in corporate and overhead functions.

Due to scale benefits from the transaction, AT&T expects significant savings from Aio's current plan, including: incremental advertising cost savings due to reaching national scale faster than planned; reduction in third-party costs for billing and data network provisioning due to purchase volume; and reductions in customer care costs, which are also volume-based and projected to decrease from plan due to scale.[94] In addition, beyond mid-2014, it is estimated there will be significant savings from using Leap's existing retail distribution network to enable the combined company to expand nationwide more quickly and broadly than Aio planned on its own.[95]

c. Other Synergies

AT&T expects that its more attractive wireless service offerings, as compared to those that Leap could have offered on its own, and improved network performance and reach, as compared to Leap's network, will reduce churn, allow the combined company to attract and

[93] Public Interest Statement at 19 and Moore Decl. ¶ 22.

[94] ATT-FCC-001291717 at 22, 48.

[95] *Id.* at 23, 46.

retain a larger share of new prepaid customers, and increase prepaid smartphone sales. AT&T estimates that in **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** of the combined company's operations, these annual customer-related synergies will be approximately **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]**

e. For each cost saving, state whether it is a fixed cost saving or a variable cost saving and explain the reasoning. State separately the one-time fixed cost savings, recurring fixed cost savings, and variable cost savings (in dollars per subscriber and dollars per year).

RESPONSE:

Further detail regarding a breakdown of estimated cost savings among fixed and variable cost savings is not available at this time beyond what is provided in the pre-transaction synergies analysis submitted as part of AT&T's document production responsive to Request No. 22.b[97] and as discussed in the Public Interest Statement and related materials filed with the Commission on August 1, 2013.

23. REQUEST:

The Applicants assert that the integration of Leap's spectrum would result in "greater spectral efficiencies, including improvements in throughput speeds, peak data rates, and latency." (Public Interest Statement, page 18). The Applicants maintain that "[m]any of Leap's cell sites will be productively integrated into our network to increase capacity." (Public Interest Statement, page 8). In Mr. Hogg's

[96] ATT-FCC-001291717 at 39-40.

[97] ATT-FCC-001291717.

Declaration, he contends that network performance would improve for both companies. (Hogg Declaration, ¶ 10).

a. Explain and describe in detail how AT&T would be able to integrate many existing Leap cell sites into its network, resulting in the claimed benefits for both companies as described in the record. Include the estimated net cost savings of decommissioning any redundant cell sites and any expected impact from the recent cell-tower transaction with Crown Castle International Corp.

RESPONSE:

Cell "densification" is a major priority of AT&T. This transaction will make available to AT&T a large number of operational cell sites that Leap has built over many years. The integration of many Leap cell sites into the AT&T network will result in a substantial increase in network capacity, because such network integration increases cell density and the amount of network traffic that can be carried using existing spectrum in the areas served by those cell sites.[98] In addition, increased network cell density will allow AT&T to spread traffic across more cell sites and ensure that users are more likely to be closer to a cell site, creating a faster and more consistent experience, especially during peak usage times.

AT&T will begin the cell site integration process by **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[98] To provide a simple example, if a cell covering a given area is divided into two equally-sized cells covering that same area, total capacity – the total amount of traffic that can be handled in that area – can *double.*

[END AT&T HIGHLY CONFIDENTIAL

INFORMATION] This will integrate the site into AT&T's network, expanding network capacity equal to building an entirely new site. Each added site will approximately double the amount of network traffic that can be carried in existing spectrum in the vicinity of the site and can relieve nearby sites of network congestion. These increases in network density will improve network capacity more quickly than either company could on its own in the same time period, either by adding cell sites, building more towers, or through other commercial arrangements.

AT&T has not yet begun detailed integration planning, and its knowledge of Leap's operations is necessarily preliminary at this early stage. AT&T therefore cannot yet identify the specific sites that will be retained or those that will be decommissioned as redundant.[99] AT&T does not expect its recent cell-tower transaction with Crown Castle International Corp. (pursuant to which AT&T will continue to occupy the space it currently uses on the towers that are being leased or sold to Crown Castle) to have any impact at all on the integration of Leap's assets.

b. Describe in detail and provide all plans, analyses, reports, models, and methodologies relating to the integration by AT&T of Leap's spectrum that would result in "greater spectral efficiencies," including current and projected performance, upload and download speed, latency, and deployment configuration.

RESPONSE:

As described in response to Request No. 11, AT&T and Leap have very compatible spectrum assets: Leap holds spectrum in the AWS-1 and PCS bands, and AT&T is already in the

[99] Response to Request No. 22.d describes the preliminary estimates of the cost savings that are projected from the decommissioning of Leap cell sites as well as other operational cost savings.

process of deploying LTE on both of those spectrum bands today. Accordingly, AT&T will be able to achieve a number of spectrum efficiencies in its LTE deployment that will lead to additional capacity gains beyond merely adding the existing capacity of the two providers' current holdings.

In many areas AT&T and Leap hold blocks of AWS-1 or PCS spectrum that are contiguous to each other, and thus the transaction will allow AT&T to deploy a single, wider LTE channel on that contiguous block of spectrum. The spectral efficiency benefits of these wider channels, which include greater capacity, higher peak and average speeds, and improved latency, are described in the response to Request No. 13.a. Even where Leap's AWS-1 or PCS spectrum is not contiguous with AT&T's spectrum in those bands, AT&T will be able to achieve significant spectrum efficiency gains by employing carrier aggregation. The benefits of carrier aggregation, which also include higher peak speeds and frequency diversity gains, are described in detail in the response to Request No. 13.b.

In addition, documents responsive to this Request are included in AT&T's production. These documents describe the differences in performance for different channel bandwidths and the benefits of various types of carrier aggregation.

c. Provide all plans, analyses, and reports discussing how the combined company would integrate networks, technologies, switching facilities, and cell sites. Identify the Leap cell sites to be integrated into the AT&T network, including the criteria to be used to consolidate cell sites and a timeline for the integration, and identify, by CMA, the number and location of the cell sites that the combined company would own, share, or decommission.

RESPONSE:

Documents responsive to this Request are included in AT&T's production. The

documents include very preliminary analyses of how the combined company would integrate networks, technologies, switching facilities, and cell sites. AT&T has not yet begun detailed integration planning, and its knowledge of Leap's operations is necessarily limited at this early stage. The actual process of determining which specific Leap sites to integrate and which to decommission will require substantially more data from Leap regarding its network as well as a more thorough engineering analysis of each area's characteristics and capacity needs, which could change by the time the transaction closes. Consequently, AT&T has not yet determined the exact number or location of Leap towers or other locations used for transmission of signals that will be integrated into the combined company's network to increase network density, or which specific cell sites the combined company would own, share, or decommission.

Based on a preliminary, high level analysis using site location data from Leap, however, AT&T has estimated that it can likely integrate about **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION]** of Leap's cell sites into AT&T's network. AT&T's preliminary analysis is based on a comparison of site location data provided by Leap to the nearest AT&T site locations (existing and planned) to determine which sites are likely to be complementary. Based upon AT&T's extensive experience with past network integrations, the results of this distance-based estimation methodology generally produces a reasonably accurate estimate of the total number of acquired company cell sites that will ultimately be integrated even if it cannot be used to identify each of the specific sites that will be retained. The process of network integration will begin immediately after closing and AT&T intends to complete nationwide network integration within **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

24. REQUEST:

> **Provide all documents discussing any Leap CDMA or LTE roaming or buildout agreement in any relevant area, including all documents discussing AT&T's plans to renew, extend, or cancel these agreements. Explain AT&T's plans relating to these agreements, including whether, and for how long, the company would honor these agreements. Discuss any penalties that would occur if these contracts were cancelled. Explain whether: (1) AT&T will provide CDMA roaming services at the current rates, terms, and conditions until Leap's CDMA network is shut down; (2) AT&T has any plans to raise roaming rates or change other terms and conditions prior to shutting down Leap's CDMA network; and (3) whether AT&T plans to renew, extend, or sign new roaming agreements prior to shutting down Leap's CDMA network.**

RESPONSE:

Leap has told AT&T that it does not have any LTE roaming or buildout agreements and, consistent with the parties' legal oversight of the integration planning process, Leap has not provided AT&T any access to its CDMA roaming or buildout agreements, except in connection with strictly limited due diligence by AT&T's corporate development and legal departments prior to the execution of the Merger Agreement. AT&T personnel in charge of roaming and buildout thus have not reviewed the CDMA roaming agreements or analyzed their cancellation penalties, and they have formulated no definitive plans relating to these agreements for AT&T. Subject to the foregoing, until AT&T has completed the migration of Leap customers to AT&T's

network and shut down Leap's CDMA network,[100] AT&T currently anticipates providing CDMA roaming services on the rates, terms, and conditions set forth in those agreements and renewing, extending, and signing new CDMA roaming agreements consistent with 47 C.F.R. § 20.12(d).

In addition, documents responsive to this Request are included in AT&T's production.

25. REQUEST:

Provide the Company's data as specified in Attachment A, which includes data on subscribers, handsets, plans, porting, revenue, sites, deployment, and traffic.

RESPONSE:

1. Subs Data Table

The folder entitled "Subscriber Data Tables" contains Exhibits in .csv format that provide information responsive to the "Subs Data Table."

Exhibit 25.1.a contains the following information for "Consumer Postpaid," "Consumer Prepaid," "business," and "MVNO" (also referred to as "Reseller") services:[101] voice-only activations, voice-only deactivations, voice-only subscribers, voice-only ARPU, voice/text-only activations, voice/text-only deactivations, voice/text-only subscribers, voice/text-only ARPU,

[100] See Response to Request No. 12; Response to Request No. 15.a.

[101] AT&T does not, in the ordinary course of business, maintain subscriber and revenue data separately by voice-only, voice/text-only, and broadband-only. AT&T used the following approach to make these assignments: All postpaid retail services (consumer and business) were assigned based on usage (*e.g.*, if a customer used only voice in a given month, that customer and associated revenues were assigned to the voice-only category). GoPhone services were allocated according to the services included in the customer's base service plan. Aio offers only voice/text/broadband plans and broadband-only plans for tablets, and Aio's subscribers and revenues were assigned accordingly. All session-based services are broadband-only, and were assigned accordingly. In order to make the revenue assignments at the CMA-level, AT&T used billing revenues.

mobile broadband-only activations, mobile broadband-only deactivations, mobile broadband-only subscribers, mobile broadband-only ARPU, voice/text/data activations, voice/text/data deactivations, voice/text/data subscribers, voice/text/data ARPU, total activations, total deactivations, total subscribers, total ARPU, total voice MOUs, total text messages,[102] and total mobile broadband usage (in MBs).[103] The "Consumer Prepaid" information is provided separately for GoPhone, session-based,[104] and Aio services. The consumer postpaid, GoPhone, session-based, MVNO, and business postpaid data are provided by CMA,[105] for each month from January 2011 through September 2013.[106] The Aio data is provided by CMA, for each month

[102] AT&T, in the ordinary course of business, maintains text usage in terms of the number of messages, not in terms of MB.

[103] The sum of the sub-categories (voice-only, voice/text-only, broadband-only, and voice/text/broadband) will not necessarily sum to the total amounts shown in the table because the totals reflect subscribers that use other combinations of voice, text and data (*e.g.*, voice/broadband-only). In addition, AT&T's systems have incomplete data for January 2011 revenues that may result in overstated revenues for that month.

[104] Session-based services are data services purchased by customers for a set period of time. For example, AT&T offers buckets of data for use with Apple's iPad that remain available to the customer for 30 days.

[105] AT&T does not, in the ordinary course of business, maintain the requested information by CMA. To provide CMA-level information, AT&T used subscriber NPA-NXX codes to map each subscriber (and corresponding revenue and usage) to a zip code, and then AT&T mapped the data for each zip code to a CMA. In a very small number of instances, the NPA-NXX code could not be mapped to a CMA. The data lacking CMA information are provided in the row labeled "Unknown." This approach was used for all data submitted in response to this Request.

[106] As discussed with Commission staff, this Exhibit does not contain MVNO revenues or usage data, because AT&T does not, in the ordinary course of business, maintain MVNO revenue and usage information in a manner that can be assigned by CMA. Instead, AT&T is providing a separate Exhibit, described below, that contains MNVO revenue and usage information by the 27 market clusters that AT&T maintains in the ordinary course of business.

from May 2013 through September 2013.[107]

Exhibit 25.1.b contains responsive information for MVNO services at the cluster level – *i.e.,* the MVNO data are provided for each of the 27 market clusters[108] maintained by AT&T in the ordinary course of business, and for each month from January 2011 through September 2013. These MVNO data include: total activations, total deactivations, total subscribers, total ARPU, total voice MOUs, total text messages, and total broadband usage.[109] This Exhibit also contains information for M2M (also referred to as "connected devices") services at the national level for each month from January 2011 through September 2013.[110]

Exhibit 25.1.c contains the number of Lifeline activations, deactivations, and subscribers.[111] These data are provided by CMA,[112] and for each month from January 2011

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[107] The Exhibit shows Aio usage data beginning in June 2013. Aio first launched service in May 2013, and Aio did not collect usage information for that month, when it had very few subscribers and usage. A system error resulted in incomplete recording of Aio's usage information for September 2013. The Exhibit therefore uses October 2013 usage as a substitute for the missing September usage data. Aio does not, in the ordinary course of business, maintain text messaging usage information in a manner that permits it to allocate text messaging usage by CMA.

[108] AT&T, in the ordinary course of business, often assigns revenues and costs among 27 geographic clusters. In addition, costs or revenues that are not assignable to one of the 27 geographic clusters are typically assigned to a national "cluster," referred to as "HQ" or "Headquarters." The Exhibit identifies the amounts assigned to the HQ national cluster, as well as to the 27 geographic clusters.

[109] AT&T lacks information to assign MVNO subscribers to voice, voice/text, broadband, and voice/text/broadband categories. The MVNO is responsible for selling the services, and AT&T lacks data as to which MVNO customers are subscribing to the various plans offered by MVNOs. Accordingly, all MVNO data is reported in the "total" columns.

[110] AT&T's systems do not, in the ordinary course of business, maintain information sufficient to assign M2M data at a geographic classification below the national level, or by voice-only, voice/text-only, or broadband-only categories.

[111] AT&T does not maintain Lifeline data in a manner that can be assigned to voice-only, voice/text-only, broadband-only, and voice/text/broadband. AT&T notes, however, that the vast majority of its Lifeline customers are voice-only; only a small portion of AT&T's Lifeline

through September 2013.[113]

Exhibit 25.1.d contains revenue figures for AT&T's Lifeline services.[114] These data are provided at the statewide level for each month from January 2011 through August 2013, the latest period for which these Lifeline revenues are available in AT&T's systems.

Exhibit 25.1.e contains AT&T's cost per gross activation (CPGA) and cash cost per user (CCPU), separately for consumer postpaid, consumer prepaid (separately for GoPhone, Hybrid and Aio), session-based, reseller, business, M2M (referred to as "connected devices"), and total. The data are provided separately for each of AT&T's 27 market clusters,[115] and for each month from January 2011 through September 2013.[116]

2. Plans Data Table

The folder entitled "Plans Data Tables" contains Exhibits in .csv format that provide

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customers (in Oregon and the Dakotas) are permitted to purchase text or data services in addition to voice services. In addition, AT&T's systems do not maintain usage information for Lifeline customers in the manner requested.

[112] AT&T does not, in the ordinary course of business, maintain Lifeline subscriber counts by CMA. These data were allocated to CMA by service address zip code.

[113] The subscriber data for the July through September 2013 are preliminary, as AT&T is currently in the process of validating these data for the purposes of reporting them on FCC Form 497.

[114] The reported Revenue figures reflect pre-subsidy revenues.

[115] The M2M cost figures are maintained by AT&T's systems at the national level. Accordingly, the CPGA and CCPU cost figures for M2M services are reported in the Exhibit at the national level.

[116] All information provided in response to Request No. 25, Subs Data Table, reflects subscribers provisioned by AT&T's systems. There is a relatively small number of subscribers that AT&T obtained through acquisitions whose data have not yet been migrated to AT&T's billing systems and thus are not reported on the tables provided in response to Request No. 25.

information responsive to the "Plans Data Table."[117]

Exhibit 25.2.a provides the requested information for plans offered to postpaid customers for the requested time periods.[118] Exhibit 25.2.b provides the requested information for plans offered to GoPhone customers for the requested time periods.[119] Exhibit 25.2.c provides the requested information for plans offered to Aio customers for the requested time period starting July 2013 (the only requested time period for which Aio has responsive information).[120] Exhibit 25.2.d provides the requested information for plans offered to session-based customers (broadband-only plans) for the relevant periods.

3. Porting Data Tables

The folder entitled "Porting_Tables" contains Exhibits in .csv format that provide

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[117] Not all columns requested by the Commission are applicable to every plan listed in the Exhibit. In instances where the field requires a numerical value, AT&T entered "8888" to indicate that the data is not applicable.

[118] **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION**]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

This Exhibit includes an additional column (column X) that contains the corresponding product code for each plan.

[119] For plans that AT&T offers for use on basic and smartphone devices, data usage is offered as a pay per use (PPU) for basic devices and as a package for smartphone devices. This Exhibit includes two columns (columns V and W) to reflect this. The Exhibit also includes two columns for overage text (columns S and T) to account for one plan that offers PPU and package text messaging options.

[120] All Aio rate plans include unlimited data. When usage exceeds the high-speed data allowance under the plan in a given month, the customer's download speed is reduced for the remainder of that month. This Exhibit includes an additional data column (column K) to reflect this. **[BEGIN AT&T CONFIDENTIAL INFORMATION]**

[END AT&T CONFIDENTIAL INFORMATION]

information responsive to the "Port In Data Table" and the "Port Out Data Table."[121]

Exhibit 25.3.a contains ports out by CMA for AT&T's postpaid and prepaid subscribers, by month from January 2011 through September 2013.

Exhibit 25.3.b contains ports out data by CMA for Aio's prepaid subscribers from May 2013 (when Aio began offering prepaid services) through September 2013.

Exhibit 25.3.c contains ports in data by CMA for AT&T's postpaid and prepaid subscribers, by month from January 2011 through September 2013.

Exhibit 25.3.d contains ports in data by CMA for Aio's prepaid subscribers from May 2013 (when Aio began offering prepaid services) through September 2013.

4. Revenues Data Table

The folder entitled "Revenues Data Table" contains Exhibits in .csv format that provide information responsive to the "Revenue Data Table."

Exhibit 25.4.a contains revenue and ARPU associated with consumer postpaid, GoPhone (referred to as "consumer prepaid"), session-based, Aio, and business services by CMA and in total for each month from January 2011 through September 2013.[122]

Exhibit 25.4.b contains revenue and ARPU associated with MVNO (referred to as

[121] The data submitted in response to the "Porting Data Tables" are allocated to CMA based on NPA-NXX.

[122] As noted above, AT&T does not, in the ordinary course of business, maintain the requested revenue information by CMA. To provide information responsive to this Request by CMA, AT&T used subscriber NPA-NXX codes to map each subscriber (and corresponding revenue and usage) to a zip code, and then AT&T mapped the data for each zip code to a CMA. In a very small number of instances, the NPA-NXX code could not be mapped to a CMA. The data lacking CMA information are provided in the row labeled "Unknown." In order to make these assignments at the CMA-level, AT&T used billing revenues.

"reseller") and M2M (referred to as "connected devices") customers. These data are provided in the manner in which the data is maintained in the ordinary course of business,[123] for each month from January 2011 through September 2013.

5. Site Data Table

The folder entitled "Site Data Table" contains an Exhibit in .csv format that provides information responsive to the "Site Data Table."

Exhibit 25.5.a contains information responsive to this Request. The data contained in this Exhibit were derived primarily from AT&T's system of record for cell site information (the CSSNG system).[124] This Exhibit provides: (i) the latest month for which data is available; (ii) the unique site ID ("USID"); (iii) whether the site is currently operational or planned;[125] (iv) the latitude and longitude for the site;[126] (v) the county FIPS code for the site; (vi) the CMA number; (vii) the site type;[127] (viii) the geographic classification of the site;[128] (ix) the site operator;[129] (x)

[123] As noted above, AT&T does not maintain information sufficient to assign revenues for MVNO and M2M customers by CMA. AT&T maintains MVNO revenues at the 27 market cluster level. AT&T maintains M2M revenues at the national level.

[124] To respond to this Request, the CSSNG system data was supplemented with data from the Atoll system. In addition, AT&T began deploying DAS before such data was maintained in the centralized CSSNG systems, and as a result, the CSSNG system does not contain comprehensive data for DAS. Accordingly, AT&T's response also contains information from the Known ASG database that is maintained by AT&T's Antenna System Group and is the system of record for DAS.

[125] In some instances, AT&T's systems do not identify whether the site is planned. These instances are designated as "UNK" in the Exhibit.

[126] For a small number of sites, AT&T's systems do to not have complete longitude and latitude information. These instances are identified in the Exhibit with the number 9999 entered into the longitude or latitude field.

[127] AT&T's systems contain site types that fall within multiple categories beyond those listed in the Commission's Request. The Exhibit groups these multiple categories together into the following designations: macrocell, IDAS (indoor DAS), ODAS (outdoor DAS), Other DAS

whether AT&T owns the site location;[130] (xi) whether AT&T owns the site structure;[131] (xii) the manager of the site, to the extent such information is contained in the CSSNG system;[132] and (xiii) the type of backhaul[133] at the site.[134] The Exhibit includes the cell sites that AT&T plans to

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(these are DAS systems implanted before AT&T began centralized tracking of indoor and outdoor DAS designations), and small cell. In some instances, there may be multiple systems at the site (*e.g.*, both a Macro and a DAS). Because the Request seeks only one site type entry per site, the Exhibit identifies the site type using the following hierarchy: MACRO, ODAS, IDAS, Other DAS, and small cell. For example, if there is both a macro and an ODAS at a site, the Exhibit identifies the site type as "MACRO." In some instances, AT&T's systems lack sufficient information to identify the site type and, in these instances, the site type is designated as "UNK."

[128] AT&T's systems contain multiple site-level geographic classifications. The Exhibit groups these classifications into the urban, rural, and suburban categories designated in the FCC's Request. Where such a classification could be not be determined from the information contained in AT&T's systems, the geographic classification is designated as "UNK."

[129] The FCC's "Site Data Table" states that this field should identify either AT&T or Leap as the operator. Because these are all AT&T sites, this field is populated with "AT&T."

[130] In some instances, AT&T's systems do not identify whether AT&T owns the site location, and in these instances the field is populated as "UNK."

[131] In some instances, AT&T's systems do not identify whether AT&T owns the structure, and in these instances the field is populated as "UNK."

[132] Where the CSSNG system identifies the manager, the name of the manager is listed in the table; otherwise the manager is listed as "UNK."

[133] This field is populated with either TDM, ENET (Ethernet), or EoMW (Ethernet over Microwave), and reflects the highest level of transport available at each site. In certain instances, AT&T's systems lack information about the backhaul type, and in these instances, this field entry is "UNK."

[134] The "Site Data Table" also contains a column for the "Number of Sectors." However, for most macro sites, there is no single number of sectors that can be entered into this field, because the number of sectors can be different for the different technologies (LTE, UMTS, and GSM) deployed at the site. The number of sectors at each of AT&T's macro sites, for each technology, is provided in the separate Exhibit provided in response to the requests contained in the "Deployed Carriers Table." This separate Exhibit provides technology-specific, sector-level information. The Site Data Table exhibits and the Deployed Carriers exhibits use the same unique site identifier (USID). As discussed with the Commission staff, AT&T does not, in the

integrate from its recent transaction with ATNI (and excludes the ATNI sites that AT&T plans to decommission).[135]

As noted, the main sources of information responsive to this request are AT&T's CSSNG (the database of record of cell sites) and Atoll systems (used for network planning). These systems rely on updates from regional engineers and other sources. As a result, at any given time, there may be sites that are active (or planned), but that are not yet reflected in these systems, and are not therefore reported in these systems or in the Exhibit responding to this Request.

6. Deployed Carriers Table

The folder entitled "Deployed Carriers Tables" contains Exhibits in .csv format that provide information responsive to the "Deployed Carriers Table."

Exhibit 25.6.a provides for each sector and carrier (i) the relevant time period; (ii) the USID (referred to as a "Site ID");[136] (iii) the spectrum band (*e.g.*, 700, 850, 1900);[137] (iv) the

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ordinary course of business, maintain in a centralized location the number of sectors for small cells, DAS, and similar non-macro sites.

[135] As discussed with the Commission's staff, AT&T has no centralized database or system that tracks decommissioned sites, and thus AT&T has not provided data in response to the requests for Fields N ("Expected to Be Decommissioned"), O ("Date Decommission Decided"), P ("Date of Decommission"), or Q ("Decommission by AT&T Planned"). As discussed above and with the Commission's staff, the information provided in response to this Request includes ATNI sites that AT&T plans to keep and integrate into AT&T's network and excludes ATNI sites that AT&T plans to decommission.

[136] A small portion of cell sites in AT&T's systems lack an associated USID. For these sites, the Exhibit assigns a USID of 999999999.

[137] In the Exhibit, the PCS band is referred to as "PCS" or "1900"; the Cellular band is referred to as "Cellular" or "850"; the AWS-1 band is referred to as "AWS"; and the Lower 700 band is referred to as "Lower_700."

technology for the carrier (GSM, UMTS, or LTE);[138] (v) the bandwidth in MHz of the carrier (as discussed below, these data are provided differently for GSM than for UMTS and LTE); (vi) the center frequency; and (vii) whether the carrier is active.[139] As discussed with Commission staff, for UMTS and LTE deployments, AT&T recently overhauled its database systems and those systems retain historical data of this type for only six months. Thus, AT&T has data responding to this Request only for the last two quarters. For GSM deployments, AT&T maintains only current data (as of November 2013).

In a GSM network, there is no single, consistent, reportable sector-specific value for bandwidth in MHz. Adjacent cell sites in a GSM network cannot transmit at the same frequency without causing unacceptable interference, and therefore a GSM network dynamically assigns each sector channels from a "hopping pool" as needed. Accordingly, any particular GSM sector may be assigned a smaller or greater amount of spectrum at any given time. For these reasons, AT&T is reporting bandwidth for GSM carriers as a combination of (1) control channels, which are always 200 KHz (this is the value used to populate the Carrier BW MHz column in Exhibit 25.6.a), and (2) the total amount of spectrum available to be used by GSM sectors in an area, by county, as shown on the separate Exhibit 25.6.b.

It is important to understand that the data used to populate the Deployed Carrier and Traffic Exhibits and the Cell Site Exhibits are contained in different AT&T systems. These

[138] AT&T does not, in the ordinary course of business, maintain the data necessary to provide a further breakdown within those technology types (*e.g.*, GPRS, EDGE, HSDPA, or HSPA+).

[139] The datasets from which these data were extracted report UMTS and LTE carriers that have been configured at the cell site. There may be a short lag between configuration and activation/carrying traffic.

systems are maintained for different purposes and are not reconciled in the ordinary course of business. Consequently, at any given time, the number of active cell sites in these systems will almost always differ. For example, information about a particular site may be added to (or updated in) one of the systems before it is added to (or updated in) the other system.

7. Traffic Table

The folder entitled "Traffic Table" contains an Exhibit in .csv format that provides information responsive to the "Traffic Table."

Exhibit 25.7.a contains voice and data busy hour traffic volumes by site, for each spectrum band.[140] Voice traffic is provided in Erlangs, and data traffic is provided in MB, separately for the uplink and the downlink.[141] For GSM and UMTS traffic, the data are reported for the latest period in each quarter from January 2011 through September 2013.[142] For LTE traffic, data are reported for the latest month in each quarter from September 2011 through

[140] As discussed with Commission staff, the monthly busy hour is the combined voice and data busy hour used by AT&T in the ordinary course of business, which relies on a slightly different calculation of the average bouncing busy hour than the "BBH" measured described in the Commission's Traffic Table. AT&T determines the busiest hour for each day of the month and uses the average of the 10 days with the highest measured usage in the busy hour. AT&T believes that traffic estimates produced from this methodology should not be materially different from the estimates produced from the methodology described in the Commission's Traffic Table. Busy hour data are collected by AT&T at the sector level, and at the Commission staff's request these data were rolled up to the site level.

[141] For GSM traffic, AT&T's systems maintain data traffic measured in Erlangs. To convert these Erlang data to KB, AT&T used its actual busy hour traffic for September 2013. In particular, the conversion ratio used to convert GSM Erlangs to KB is as follows: 1329 Upload KB per data Erlang and 4864 Download KB per data Erlang.

[142] Due to a reporting issue for June 2012, AT&T substituted July 2012 traffic for 4,634 sites to report traffic volumes for the second quarter of 2012.

September 2013.[143]

26. REQUEST:

> **For the dates January 1 and July 1 in the years 2011, 2012, and 2013, and for each brand under which AT&T sells mobile wireless services, identify the ten best-selling mobile wireless services pricing plans for the United States as a whole, as measured by subscribers. For each pricing plan identified, state the number of total subscribers to each plan and the number of new subscribers added in the prior six months, and describe the price of and all features and services encompassed in the plan, including but not limited to, the number of included minutes and data services, whether mobile wireless services can be shared with others, any promotions offered to attract new subscribers to the plan, and any charges for usage in excess of the maximum allowed under the plan. Additionally, identify by line number, the place where data on each plan identified is provided in response to Request No. 25 above.**

RESPONSE:

Attached as Exhibit 26.1 is a spreadsheet describing the top ten postpaid plans offered by AT&T, as measured by total subscribers at the end of each relevant period. Each of these plans is included in the postpaid plan data produced in Exhibit 25.2.a. For administrative reasons (*e.g.*, sales channel distinctions or sales compensation differences), there are multiple product codes — and thus, multiple lines of data — for each of the top ten plans. To identify all lines relevant to a given plan in Exhibit 26.1, refer to the data in Column C of Exhibit 25.2.a, which corresponds to the plan names in Exhibit 26.1.

Attached as Exhibit 26.2 is a spreadsheet describing the top ten plans offered by GoPhone, as measured by total subscribers at the end of each relevant period. Certain features are common across multiple plans, and are thus described herein, rather than in each separate

[143] As discussed with the Commission's staff, AT&T's systems contain LTE traffic data beginning in September 2011. To account for the fact that the first month of data may be incomplete, AT&T used October 2011 rather than September 2011 data for the third quarter of 2011.

plan description. First, no GoPhone plan allows sharing by multiple subscribers. Second, multiple plans offer pay-per-use ("PPU") text messaging. For all such plans, the following pricing applies: single messages are $0.20, or a subscriber may purchase a package of 200 messages for $4.99, 1,000 messages for $9.99, or unlimited messages for $19.99.

The plans described in Exhibit 26.2 are identified using the same naming conventions used in the "plan name" column of Exhibit 25.2.b. Note, however, that many of GoPhone's best-selling plans, such as **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] plans. Legacy plans that were not offered as of the time period covered by Request No. 25 are not included in the data responsive to Request No. 25.

Attached as Exhibit 26.3 is a spreadsheet describing the top ten plans offered by Aio, as measured by total subscribers as of July 1, 2013, and the features of each plan. Aio has offered rate plans since May 2013, and thus cannot supply historical plan or subscriber information prior to that time. Furthermore, Aio offers only four plans, as described in Exhibit 26.3. None of the Aio plans allows sharing among multiple subscribers. The plans described in Exhibit 26.3 are identified using the same naming conventions used in the "plan name" column of Exhibit 25.2.c. Note that Exhibit 25.2.c includes four lines of data for each Aio plan, because the plans are broken out by geographic location in that table.

27. REQUEST:

> **Provide all documents relied upon or referred to by Mr. Hogg, Mr. Hutcheson, Mr. Moore, and Mr. Strickland in making the statements contained in their Declarations submitted to the Commission in connection with the Proposed Transaction. In addition, provide all documents provided to, reviewed by, relied upon, or referred to by Dr. Israel in making the statements contained in his Declarations submitted to**

the Commission in connection with the Proposed Transaction.

RESPONSE:

Documents responsive to this Request are included in AT&T's production. Additional documents responsive to this Request are being produced by Leap in response to Leap's Request for Information.[144] In addition, Mr. Hogg relied on the Declaration of Mr. Hutcheson and the data set forth in Exhibit 11.b.2 submitted with this Response.

[144] Leap's Request for Information at Request No. 24.